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INDONESIA

SYARIKAT ISLAM SEVERS TIES WITH PPP

Independent Organization

Jakarta SUARA KARYA in Indonesian 28 Dec 84 pp 1, 11

[Text] Syarikat Islam (Islamic Union), one of the founders of the PPP (United Development Party), issued an announcement in Jakarta on Thursday [27 December] stating that it was not bound by the declarations of 5 January and 13 February 1973. The declarations deal with Syarikat Islam's membership in the PPP.

The announcement was first made on 23 December, only 10 days after the 27th conference of the Nahdlatul Ulama (Muslim Scholars Association) in Situbondo issued a similar statement.

The announcement, which affirmed that Syarikat Islam is an independent organization, was signed Drs Syarifuddin Harahap and Drs Djauhari, respectively the general chairman and secretary general of Syarikat Islam, and by H.A. Halim Basir Lubis and S. Achmad Modjo, respectively the chairman and secretary of the Syarikat Islam central council.

The announcement calls on all members of Syarikat Islam to remain politically active and states that they are free to follow their own desires in joining existing political organizations, namely, the PPP, PDI (Indonesian Democratic Party) and Golkar.

Syarikat Islam is a social organization that is active in the religious, social, economic and educational fields and in the propagation of Islam.

The announcement also states that Syarikat Islam will hold its 34th national congress but does not say when or where the congress will be held.

According to the announcement, the purpose of the national congress is to strengthen the unity and integrity of Syarikat Islam by following the way of Islam and by basing on Islamic fraternity, and to draw up a program for Syarikat Islam's participation in the efforts that are being made to implement the 1983 directives of the People's Consultative Congress and make a success of the 5-point program of the Fourth Development Cabinet.

With regard to the People's Consultative Congress directive on the main lines of national policy, and particularly that section dealing with the establishment of the Pancasila as the sole foundation of all social and political forces, the national congress will amend that part of Syarikat Islam's constitution which deals with the foundation and objective of the organization to read: "The Syarikat Islam organization is founded on the Pancasila."

The announcement also cancels and rescinds all discharges issued by the central, zone and executive committees of Syarikat Islam from the time of the 33rd national congress in 1971 until the present. It states that this is being done to maintain the unity and integrity of Syarikat Islam members and in accordance with the principles of Islamic fraternity, and that this action applies to all persons except those who were involved in the 30 September Movement or Indonesian Communist Party and those who are prohibited by law from engaging in activities carried out by social and political organizations.

PPP View

Jakarta SINAR HARAPAN in Indonesian 29 Dec 84 p 1

[Text] J. Naro, SH, the general chairman of the PPP central executive council, has affirmed that in the 1987 election his party will continue to adhere to the law that deals with the formation of the PPP and which states that it was formed by the fusion of four parties, namely, the Nahdlatul Ulama, Partai Syarikat Islam Indonesia, Partai Muslimin Indonesia and Perti.

He made the statement on Saturday morning [29 December] at the offices of the PPP central executive council on Jalan Diponegoro in Jakarta when opening the first conference of the Jakarta PPP zone executive council.

Ka'bah Youth Organization

During his speech Naro again explained the circumstances connected with the recent explosion and said that the documents in the case would soon be turned over to the court. He said that the Ka'bah Youth Organization was not involved and "therefore there is no reason for the Ka'bah Youth Organization not continuing to develop in the future."

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INDONESIA

JAPANESE AMBASSADOR ON OIL, TRADE, AID

Jakarta MERDEKA in Indonesian 17 Dec 84 pp 1, 12

[Text] Toshio Yamazaki, Japanese ambassador to Indonesia, told MERDEKA and OBSERVER in his office on Saturday [15 December] that although Japan has decreased oil consumption it will not decrease its purchase of crude oil from Indonesia, which now supplies 15 percent of its national needs.

Yamazaki, whose tour of duty is finished and who will leave Indonesia on 21 December, added, "Japan will not buy oil from other countries than Indonesia and the Middle East."

Japan's oil purchases have decreased because it is turning from producing heavy equipment such as steel to high-technology products requiring relatively little oil as fuel.

Yamazaki said that since Indonesia has been Japan's prime trading partner for a long time, Japan feels called upon to aid in Indonesia's economic growth whenever its main source of foreign exchange, the gas and oil sector, faces any problems.

To make up for the decline in income from the oil sector, Indonesia should encourage the export of non-oil commodities.

Ambassador Yamazaki said that a concrete sign of Japan's commitment to aid Indonesia's and other ASEAN countries' economic growth is that Japan has imported \$200 million of Indonesian aluminum. In addition, Indonesia is the largest recipient of Japanese aid this year--\$300 million, up 6 percent from last year.

Japan promised Indonesia concessional loans of \$321.07 million through IGGI [Inter-Governmental Group on Indonesia] in June 1984, about 46 percent of the total bilateral aid promised at that meeting.

The balance of payments between Japan and Indonesia has always favored Indonesia, said Yamazaki. In 1982 Indonesian exports to Japan were worth \$12 billion and imports from Japan were \$4.3 billion. In 1983 trade between the two countries declined slightly--Indonesian exports to Japan were worth \$10 billion and imports from Japan were only \$3.5 billion.

## Investment

About 200 joint enterprises with Japan are now operating in Indonesia, representing an investment of \$5 billion between 1967 and 1982. Yamazaki said that Japanese capital investment in Indonesia amounts to 35 percent of foreign capital operating in Indonesia.

Indonesia is second, after the United States, in total Japanese foreign investment, added Yamazaki.

Yamazaki admitted that Japanese investment in Indonesia is declining now, mainly due to the worldwide recession.

Yamazaki said that Indonesia still has bright prospects for foreign capital investment. He added that Indonesia's present good business atmosphere resulting from its political situation, one of the world's most stable, must be maintained.

Yamazaki said that Indonesia's policy of Indonesianization in connection with technology transfer is a good one. Since technology transfer takes a long time this policy should be applied in stages and not hastily.

To maintain good relations between Indonesia and Japan, mutual understanding between the two countries, especially the younger generations, should continue to be encouraged.

For that purpose, a youth exchange program is being carried out every year. Under the auspices of the Friendship Program Toward the 21st Century, 150 Indonesian youths are being sent to Japan.

Yamazaki said, "I really wish I could stay longer in Indonesia because I have not yet had the chance to visit every area of the country. My family and I are happy in Indonesia; historical sites and the culture in every area of the country are very interesting."

Because almost every region of the country is interesting, it is not surprising that many Japanese tourists visit Indonesia. Next 20 to 23 December 400 tourists will fly directly from Nagoya and Fukoda to Denpasar, Bali, said Yamazaki.

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INDONESIA

OBSTACLES TO WEST GERMAN INVESTMENT CITED

Jakarta MERDEKA in Indonesian 17 Dec 84 p 9

[Text] Information collected by ANTARA has noted that West German middle-level businessmen have stated that they face two problems in capital investment in Indonesia.

First, they complain that the projects offered to them under the Priority Scale List (DSP) are located in difficult areas, outside Java. Second, it is difficult for them to find good and trustworthy partners in Indonesia.

This second problem has arisen because the Foreign Investment Coordinating Board (BKPM) has directed that partners for West German middle-level businessmen in Indonesia must also be middle-level businessmen or cooperatives.

The West German embassy has noted these two problems and for some years has continued to urge, via various channels, West German businessmen to invest in Indonesia.

After holding discussions with Hartarto, minister of industry, in an effort to find solutions to these problems, Ashadi Tjahjadi, Indonesian ambassador to West Germany has suggested that West German middle-level businessmen pair up with state-owned businesses.

Why Overtaken by Japan

An official of (DEG) [expansion unknown] Koeln, Ltd., a financial institution for West German participation in capital investment in developing countries, admitted that his country's capital investment has been less aggressive than that of Japanese businessmen. He said that this is because of differences in the two countries' economic structures.

"In Japan giant corporations dominate; in West Germany middle-level businesses have an important role," said this official, speaking to the ASEAN ambassadors in Bonn recently.

In addition, said that DEG official, Japanese businesses are closely linked to that country's banking system; this is not true for West German businesses.

## **Increased Interest**

The West German embassy, in attempting to increase bilateral economic relations, has approached business circles, associations, government officials and even universities.

This included approaching the Heidelberg Meat and Food Processing Institute and the Braunschweig Chamber of Commerce at the beginning of this month.

At these two meetings it was noted that middle-level businessmen have shown an increased interest in investing capital in Indonesia in the areas of food processing, canning, rice estates, transportation equipment and the chemical industry.

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INDONESIA

IMPORTED COAL FOR SURALAYA PLANT

Jakarta MERDEKA in Indonesian 13 Dec 84 p 8

[Text] Next year Indonesia will import 1,540,000 tons of coal to fulfill the fuel needs of the Suralaya (West Java) steam-powered electricity plant (PLTU), since domestic production is still not sufficient. Eng Sardjono, director of the National Electricity Company (PLN), stated this at a hearing of Commission VI of the DPR [Parliament], chaired by Soenaryo Hadade and held in Jakarta on Wednesday [12 December].

Sardjono said that coal needs for Units I and II of the Suralaya plant, which starts operations in June 1985, are expected to reach 1,990,000 tons. Only 360,000 tons can be transported from Bukit Asam, Inc. via the port of Kertapati to supply the Suralaya PLTU. This leaves 1,540,000 tons to be imported.

He also said that in 1984 the Unit I Suralaya PLTU needed 400,000 tons of coal. Bukit Asam, Inc. was only able to supply 175,000 tons through the port of Kertapati. So far the Suralaya PLTU, whose operations began last October, has been using available coal and oil as fuel.

In response to a question from Commission VI, which sent a team of observers to Suralaya during the September recess, Sardjono said that the Suralaya PLTU would still need 1,100,000 tons of coal in 1986. Bukit Asam, Inc. will only be able to supply 180,000 tons via Kertapati; the remaining 920,000 tons will have to be imported.

He added that if the port of Tarakan could become operative in June 1986 and coal supplies from Bukit Asam, Inc. could increase to 680,000 tons, coal imports would decrease to 420,000 tons. He hoped that in 1987 coal needs for the Suralaya PLTU could be completely fulfilled domestically.

Sardjono said that at the moment the government has given the task of importing coal to the Coal PERUM [General Company]; they are now at the negotiation stage with the suppliers.

Integrated Project

Earlier, Sardjono had explained to Commission VI, whose areas are mining, energy, BKPM [Investment Coordination Board] and industry, that the development of the Suralaya PLTU is an integrated project. What is meant by integrated is that various facilities--for mining the coal, transporting it by rail, stockpiling it at the

Tarakan terminal, transporting it across the Sunda Straits and then unloading it at Suralaya PLTU's docks--are involved.

He said that the PLN had planned and built its docks in such a way that they could serve coal-transporting ships and their unloading facilities. For this purpose a receiving hopper was built on top of the dock in order to receive the coal coming off ships equipped with self-unloading facilities. The coal then flows through and goes into the boilers or to a reserve stockpile.

To take care of possible problems in the transportation path, the PLN has also set up ready reserves of 200,000 tons and dead reserves of 250,000 tons for Unit I, as well as 200,000 tons of ready reserves and 500,000 tons of dead reserves for stage II. He said that these reserves were for operational needs for 3 months; it is hoped that this would be enough time to overcome any problems in the transportation path.

He explained that the capacity of Units I and II of the Suralaya PLTU are 400 MW [megawatts] each and that this will be increased gradually to seven units generating about 3100 MW all together. The fuel will be coal and the combustion system dual firing, with the aim of being able to use oil as a reserve if there are problems in supplying coal.

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INDONESIA

VOCATIONAL TRAINING AGREEMENT SIGNED

Jakarta SUARA KARYA in Indonesian 14 Dec 84 pp 3, 8

[Text] An agreement between Indonesia and South Korea to develop a vocational training center was signed in Jakarta yesterday by Foreign Minister Mochtar Kusumaatmadja, representing the Indonesian government, and Lee Wong Kyung, foreign minister of South Korea, representing the government of South Korea.

The vocational training center will operate under the supervision of the minister of labor and will train up to 420 skilled workers every year.

The government of South Korea will provide a grant of 5 million dollars for the equipment and workers needed to operate the center. Four million dollars (5 billion rupiahs) will be in the form of machines, tools, spare parts and teaching supplies. South Korea will also provide a top advisor and seven experts to work at the center for 25 months. Seventeen Indonesians, prospective managerial staff of the center, will train for 10 months in South Korea.

The Indonesian government will be responsible for constructing about 20,000 square meters of offices and classrooms on at least 90,000 square meters of land.

It is hoped that the center can produce skilled workers in the fields of machinery, pipes, metal plate and welding, electricity and electronics, wood, and the use of heavy machinery and agricultural equipment.

Foreign Minister Mochtar sees this as a very important joint project, not only because it will increase bilateral economic relations but also as a sign of the strength of South-South cooperation.

This agreement is based on the joint communique of 12 October 1982 between South Korean President Chun Doo Hwan and President Soeharto to increase technical economic cooperation, which at this moment is directed at developing human resources productivity.

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INDONESIA

SOME TRANSMIGRANTS IN UNSUITABLE LOCATIONS

Jakarta KOMPAS in Indonesian 29 Dec 84 p 2

[Text] There are 67 transmigration sites in Indonesia in which areas unsuitable for habitation have been occupied for from 1 to 3 years. Consequently, it is necessary to take special action to safeguard some of the 124,000 families that have been placed in these areas. The exact number of transmigrants that are affected by this problem has not yet been determined.

Solihin G.P., the secretary for the control of development operations, and Ayib Rughby, the director general for transmigration mobilization and management, commented on the problem at Sultan Thaha airport in Jambi on Friday [28 December]. They and a number of other officials have been on a 2-day visit to Jambi to inspect local transmigration sites.

Solihin noted that an instruction issued by President Suharto states that the problem being experienced by these unfortunate transmigrants is to be settled quickly. Solihin said that he feels that the problem must be settled in the 1985/86 year, but that "the settlement of the problem affecting these unfortunate transmigrants cannot delay the program for the transmigration of 750,000 families during the Fourth 5-Year Plan."

Action already has been taken to help the transmigrants. Ayib Rughby said that action has been taken at 26 locations during the past 3 months. "During the 3-month period the problem has been settled at 26 locations, and so I am optimistic that the entire problem can be settled in the 1985/86 fiscal year," he said.

Poor Quality of Land

Solihin said that experience has demonstrated that even when minimal preparations are made, if the agricultural land provided for transmigrants is of good quality then their transmigration project will succeed. So when we find people living in areas that are unsuitable for settlement it is because the wrong choice was made in the selection of land.

Ayib Rughby said that most of the locations that are unsuitable for habitation are found in the tidewater areas of Kalimantan. The unsuitable locations

in Jambi province are all found in tidewater transmigration areas in Tanjung-jabung district, namely, Dendang I, II and III, Pandan, Lambur and Pamusiran.

Generally speaking, the tidewater lands that are unsuitable for settlement have layers of peat more than 100 cm deep. Dry-land areas may be unsuitable because they contain quartz, gravel and aluminum deposits or for other reasons. The poor quality of the land does not permit transmigrants who have a background in farming to engage in agriculture.

Efforts have been made to help transmigrants in unsuitable locations by improving the land through the application of lime and fertilizer, the use of irrigation systems, and in other ways. The transmigrants are moved to suitable locations if these efforts do not produce results. On the whole, the action usually taken has been to move the transmigrants from unsuitable to suitable locations.

The transmigrants affected by this problem will be given whatever assistance they need. Efforts will be made to improve their land or they will be moved onto new land, and they also will be given rice until the harvest begins or for 3 months and seed for planting.

#### Preventive Measure

Solihin said that Presidential Directive No 59 of 1984, dated 16 October 1984, is a measure to prevent the possibility that transmigrants will be placed in unsuitable locations. The success of the transmigration program will largely depend on the actions taken by the agents in the placement areas, he said.

This presidential directive gives governors and district heads responsibility for the implementation of the transmigration program. The governor is the agent responsible for the transmigration program at the provincial level, and the district head at the district level. Subdistrict heads also share in the responsibility.

"They are all responsible from the time the land survey begins until the transmigrants are placed," Rughby said. Therefore, there is no longer any reason for placing transmigrants in unsuitable locations. The governors, district heads and subdistrict heads as the responsible agents are sure to know which areas are suitable for transmigrants and which are not.

Solihin noted that the minister of transmigration has established A, B, C and D classifications for land used for the placement of transmigrants. Transmigrants may no longer be placed on class C and D land. One of the characteristics of class C and D land in tidewater areas is the existence of a layer of peat more than 100 cm deep, he said.

INDONESIA

#### MASS CREDIT PROGRAM ARREARS

Jakarta KOMPAS in Indonesian 29 Dec 84 p 1

[Text] According to Solihin G.P., the objective of the Coordination Team for the Recovery of Credit Advanced under Mass Credit Programs is to collect 168.9 billion rupiah in loans that were made under 10 types of mass credit programs and that are now in default. He said that an effort will be made to settle 100 percent of the cases but that if a settlement rate of 70 percent can be achieved it will be considered satisfactory.

Solihin G.P., who is the secretary for the control of development operations and also the chairman of the coordination team, commented on the credit recovery operation on Friday [28 December] during a flight from Jambi to Jakarta.

He said that the figure of 168.9 billion rupiah was the amount of credit in arrears that had been issued under mass credit programs as of June 1984. He also said that Presidential Instruction No 10 of 1981, which deals with the effort to increase the recovery of credit issued under mass credit programs, was issued by the president on 25 June 1981 and that the coordination team was formed to implement this presidential instruction.

Prior to 25 June or the beginning of July 1981 the defaulted loans in mass credit programs totalled 115.9 billion rupiah. A total of 56.065 billion rupiah or 48.4 percent of this amount had been recovered by 15 November 1984. The remaining 59.9 billion rupiah has been added to the 109 billion rupiah in mass credit program loans that became delinquent between July 1981 and the beginning of July 1984. This gives a total of 168.9 billion rupiah and is the amount the coordination team wants to recover.

Solihin would not venture an opinion as to when the total amount in arrears can be collected. He did say, "I believe that the amount recovered will increase and the amount of new arrears will decrease in the 1985/86 year."

He also said that the increase in mass credit program arrears during the past 3 years has been caused primarily by the decision to gradually prohibit trawlers from operating in all areas of Indonesia and by the special operations that have been carried out to increase food production. He said that the use

of drag nets was prohibited by Presidential Instruction No 39 of 1980 and that "special operations to increase food production have been successful in increasing production but it is clear that this also has increased the amount of credit in arrears."

#### Public Awareness

During a meeting with Jambi government officials in the provincial governor's office a day earlier, Solihin said that government's efforts to recover defaulted loans were intended not only to remove the arrears but also to safeguard the mass credit programs and to increase the public's awareness that loans received must be repaid on time and in the proper amount.

Success is not measured from quantitative data alone, he said, for it also is very important that the public be aware of the necessity of repaying loans.

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INDONESIA

DISCORD AMONG EAST JAVA PPP OFFICERS

Jakarta MERDEKA in Indonesian 22 Dec 84 pp 1, 12

[Text] Sulaiman Fadeli, secretary of the zone executive council of the East Java PPP [Partai Persatuan Pembangunan/United Development Party], says that only those members of the East Java PPP zone executive council whose names appear in the 1973 directive of the PPP central executive council and those persons permitted to attend the First PPP Congress last August have the right to convene a zone conference. (Not a "regional conference" as reported yesterday, Ed.)

Therefore, he said, Hasyim Latief's statement concerning the postponement of the East Java PPP zone conference is not valid because Hasyim Latief's name does not appear in the 1973 directive of the PPP central executive council and he does not have the right to act in the name of the East Java PPP zone executive council in convening a zone conference or in consolidating the PPP in East Java.

Sulaiman Fadeli made these statements to a MERDEKA reporter at the Parliament building on Thursday afternoon [20 December] in commenting on an announcement by Hasyim Latief, the coordinating chairman of the East Java PPP, that the East Java PPP regional conference (konperensi daerah) would be postponed because the general chairman of the PPP central executive council had asked the police not to issue a permit for a zone conference (konperensi wilayah) without the approval of the central executive council.

Sulaiman said that if Hasyim Latief continues along this line he will be deviating from the directive of the PPP central executive council and the agreement Hasyim himself made with Hisbullah Huda, the chairman of the East Java PPP, and H.J. Naro, the PPP general chairman, on 11 August 1984 in Jakarta.

The essence of this agreement was that the problem involving the East Java PPP zone executive council would be turned over to the PPP central executive council. Subsequently, the PPP central executive council delegated authority to those leaders of the zone executive council whose names appear in the 1973 directive of the central executive council, that is, Sulaiman Fadeli and his colleagues. Hasyim Latief's name does not appear in the directive.

Sulaiman said that according to Directive No 133/Kpts/DPP/1984 of 6 October 1984 and Instruction No 205/Inst/DPP/X/84 of 11 October 1984, which deal with the procedure to be followed in holding zone and branch conferences and which were issued by the PPP central executive council, only those persons who attended the First PPP Congress in Jakarta can serve on [conference] committees. Sulaiman was accompanied by Toha Thamin and Azis Purwo, respectively a deputy chairman and member of the zone advisory council.

"On 11 November last my colleagues and I met with Pak Naro to discuss plans for the East Java PPP zone executive council's regional conference," Sulaiman said. So if an officer wants to convene a zone conference by acting in his own name as the East Java PPP coordinator then such action is not valid, he added.

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INDONESIA

BIOGRAPHIC INFORMATION

Rear Marshal Sobirin Misbach

Jakarta HARIAN UMUM AB in Indonesian 21 Nov 84 p 2

[Excerpts] Rear Marshal Sobirin Misbach was appointed commander of Air Region Command V in a ceremony at Halim Air Force Base on Tuesday morning [20 November]. He replaces Rear Marshal Sutiharsono.

Sobirin Misbach graduated from Air Force Flight School in 1958 and has served as commanding officer of Squadron 3, Squadron 11, Air Defense Wing 300, Kemayoran Air Force Base and Husein Sastranegara Air Force Base. He also has been posted as air attache in India and as chief of staff of the National Air Defense Command. His last prior assignment was as commanding general of the Air Force Training Command.

K.H. Abdurrahman Wahid

Surabaya SURABAYA POST in Indonesian 12 Dec 84 p 1

[Text] The stout man who was born in Denanyar, Jombang looks more like a medical doctor than an orthodox Muslim. One of the reasons for this are his eyeglasses, as he has switched from black to silver frames. And where he formerly wore his eyeglasses in the regular position, he now lets them slide down his nose. He also forgets to wear the Muslim cap at times, and this strengthens the impression that he is a doctor.

This is K.H. Abdurrahman Wahid [aka Abdurrachman Wachid], the chairman of the NU [Nahdlatul Ulama/Moslem Scholars Association] executive committee. His present position as the director of the Ciganjur boarding school in South Jakarta does not keep him confined to academic duties, as he has written many articles on culture, music and sports. And he has even said that he would like to write a novel, as did Y.B. Mangunwijaya, the Catholic priest.

His observations cover a wide range of political and social topics and frequently startle the Muslim community. Indeed, there are many people who are inclined to characterize him as a secular Muslim. When Agus Miftach, the young NU leader, visited Surabaya recently he noted that one of Abdurrahman's articles dealt with the startling theme, "What's wrong with adding another pillar to the pillars of Islam?"

It is said that in his youth he was not satisfied simply with receiving instruction in religion at school. Acting on his own initiative he read works of literature and explored books on philosophy, logic, nationalism and even Marxism. He also has studied in the Middle East.

As a result he has emerged as a prominent Muslim thinker, but one who has a well-developed sense of humor, like that of H. Mahbub Djunaidi. And his ideas are not confined by narrow Islamic strictures nor do they reflect primordial views.

A former teacher in Muslim schools, he is not well-known to the public (except through some of his writings). Pictures of him seldom appear in the newspapers, and he is rarely seen on television. He did appear on television some time ago when, as general chairman of the NU Conference, he submitted a report on the results of the conference to President Suharto.

He is the son of A. Wahid Hasjim, former minister of religious affairs of the Indonesian government and an NU leader, and the grandson of K.H. Hasjim Asy'ari, a founder of the NU.

Born on 4 August 1940, he completed primary school in Yogyakarta in 1953 and economic middle school in the same city in 1956. He attended the Tambak Beras seminary in Jombang from 1959 to 1963 and also has been a student at the department of higher Islamic and Arabic studies of Al Azhar University and, in 1970, at the faculty of literature of Baghdad University.

He has served as dean of the faculty of theology of Hasjim Asy'ari University in Jombang, as secretary of the Tebuireng seminary in Jombang, and is now director of Ciganjur boarding school in South Jakarta. He also has gained a reputation as a columnist.

Prof Dr Soedarso Djojonegoro

Jakarta SINAR HARAPAN in Indonesian 14 Dec 84 pp 1, 12

[Excerpts] Prof Dr Soedarso Djojonegoro was appointed rector of Airlangga University in Surabaya by Prof Dr Nugroho Notosusanto, the minister of education and culture, on Friday morning [14 December]. The new rector replaces Prof Dr Marsetyo Donoseputro, who had completed his term of office and will become a professor at the university.

Prof Dr Soedarso was born in Pamekasan, Madura on 8 December 1931. He has a wife and six children. The highest position he has held heretofore has been coordinator of private universities in zone VII, a post he has filled since 1979. His term of office as rector of Airlangga University is for the period 1984-1988.

Soedarso was a student activist in his youth and headed the Surabaya Students Movement (Gerakan Mahasiswa Surabaya) in the 1950s. At the time of the "Malari Incident" [anti-Japanese demonstrations in 1974], when students from

other universities were engaging in protest actions, Airlangga was the only university that remained quiet. According to one source, this was because Soedarso, then the third deputy rector, was successful in controlling the Airlangga students.

The source also said that last month the University Senate re-elected Prof Dr Marsetyo to the position of rector but that the minister of education and culture decided to appoint Soedarso to the position for various reasons. In the election Marsetyo received 17 votes, Soedarso 8 votes, Prof A Gani, a former rector, 5 votes and Sukarman 3 votes.

Soedarso completed his medical training in 1961 and received a certificate in physiology in 1969.

Police Brigadier General Tjuk Sumiarso P

Jakarta SUARA KARYA in Indonesian 18 Dec 84 p 6

[Excerpts] Anton Soedjarwo, the chief of the national police, appointed Police Brigadier General Drs Tjuk Sumiarso P as chief of the Nusatenggara Police Region at a ceremony held in the Kemala Hikmah building in Denpasar on Saturday morning [15 December]. Brig Gen Tjuk Sumiarso replaces Brig Gen Drs Achmad Djuaeni.

Brig Gen Achmad Djuaeni has served as chief of the Nusatenggara Police Region for just 1 week short of a full 2 years. During his tour of duty he has visited 90 percent of the area under his jurisdiction. He has been appointed chief of the North Sumatra Police Region in Medan, and his replacement was formerly the chief of staff of the Central Java Police Region in Semarang.

Brig Gen Tjuk Sumiarso was born in Mojokerto on 14 February 1932. He began his training as a police inspector in Sukabumi in 1954, [graduated from] the Police Academy in 1962, attended the investigations course a year later, enrolled in the Police Staff and Command School in 1970, and was a student in the fifth class of the regular course at the National Defense Institute 5 years later.

His career began in section II of the Bandung Municipal Police Command. In the 10-year period beginning in 1962 he was head of the criminal investigations and economic investigations sections of the West Nusatenggara police before being promoted to the position of assistant for intelligence investigations in West Nusatenggara. From 1972 to 1976 he was first support officer to the assistant chief of the national police for intelligence, and from 1976 to 1980 chief of staff of Police Region Command IV in Riau. In 1981 he was chief of staff of South and Southeast Sulawesi Police Region. In the same year he was appointed head of the Finance Office at National Police Headquarters. He served in this position until March 1984, when he was appointed chief of staff of the Central Java Police Region.

Drs R. Agung Laksono

Jakarta PELITA in Indonesian 19 December 1984 pp 1, 10

[Excerpts] As expected, Drs R. Agung Laksono, 36, recently was elected general chairman of the Young Generation for the Renovation of Indonesia (AMPI/Angkatan Muda Pembaharuan Indonesia). His term of office runs from 1984 to 1989 and he replaces M. Hatta Mustafa, SH.

Agung Laksono, who was born in Semarang in March 1948, also holds various other positions. He is general chairman of the Young Businessmens Association of Indonesia (HIPMI/Himpunan Pengusaha Muda Indonesia), deputy chairman of the executive committee of the Jakarta branch of Golkar, general treasurer of the Jakarta branch of the Association of Diversified Cooperatives (KOSGORO/Koperasi Serba Guna Gotong Royong), and one of the leaders of the KOSGORO consultative council.

Agung is the son of H. Sumono, an official in the Directorate General of Taxes. Agung and his wife Sylvia have two children, a boy and a girl. Among his colleagues he enjoys the reputation of a successful businessman.

Brigadier General Saiful Sulun

Surabaya SURABAYA POST in Indonesian 26 Dec 84 p 2

[Text] The number of generals in Military Region Command VIII (Kodam VIII) has been increased by one with the promotion of Saiful Sulun, the chief of staff of Kodam VIII, to the rank of brigadier general early this week.

Saiful Sulun, who will be 48 years old on 6 January, succeeded in entering the ranks of the general officers at a time when the armed forces are reorganizing and tightening up on promotions.

Lt Col Sonny Baksono, SH, the Kodam VIII information chief, confirmed that the Kodam chief of staff and former colonel has been promoted to brigadier general after replacing Brig Gen Poniman 8 months ago.

Saiful Sulun, who was born in Medan, came to [Kodam VIII in] East Java after serving as chief of staff of Kodam VI. He was quickly accepted by his new comrades thanks to his unassuming nature.

A 1957 graduate of the National Military Academy, he has served in combat units and also as a member of Parliament and the People's Consultative Congress from 1977 to 1981. He and his wife, Dra Zualfikir Mahadi, have an 8-year old son, Boyke Pribadi. The general likes to play tennis and also occupies himself with gardening and livestock raising in his leisure time.

Soenandar Prijosoedarmo

Jakarta SINAR HARAPAN in Indonesian 27 Dec 84 pp 1, 12

[Excerpts] Soenandar Prijosoedarmo, a deputy speaker of the People's Consultative Congress, died Thursday morning [27 December] at 0145 hours West Indonesia time at Cipto Mangunkusumo Hospital in Jakarta. He was 60 years of age.

The body was interred Thursday afternoon at the Kalibata Heroes Cemetery in Jakarta after lying in state at the Parliament building.

Soenandar Prijosoedarmo was born on 17 February 1924 in Sidoarjo, East Java. He leaves a wife and seven adult children. He was governor of East Java from 1976 to 1982 and was then appointed a deputy speaker of the People's Consultative Congress for a term of office beginning in 1983 and ending in 1988.

He attended a Dutch-Native primary school operated by Muhammadiyah, high school and the social and political science faculty of Jayabaya University in Jakarta. His military education began in PETA [Japanese-organized militia] and he also attended the modern weapons familiarization course at Fort Bliss in the United States and the Army Staff and Command School in Bandung.

He taught school before becoming a junior officer in PETA, where he served from 1943 to 1945. He was a member of the People's Security Army (TKR/Tentara Keamanan Rakyat) in 1945 and 1946 before joining in the war for independence as the commander of the renowned Sunandar battalion, a post he held from 1946 to 1953.

He was chief of staff of Infantry Regiment XVI in 1953 and 1954 and then headed the Army's Education, Training and Organization Bureau in East Java in 1955 and 1956.

He commanded the Banjarmasin municipal garrison in 1956 and 1957, served as chief of staff of Army Territory VI in Kalimantan from 1957 to 1960, and then served as commanding officer of Military Region Command XIII from 1960 to 1966.

He was named acting governor of North Sulawesi in 1966 after leaving military service. He then served in the Department of Home Affairs as the director general of general government and regional autonomy from 1966 to 1972 and as the secretary general of the department from 1972 to 1976. In 1976 he became governor of East Java, replacing Moh. Noor.

While governor of East Java his name frequently appeared in the newspapers in connection with the unofficial visits he often made to various areas of the province.

According to the book "Who Did What in Indonesia in 1983 and 1984" (Apa dan Siapa Sejumlah Orang Indonesia 1983-1984), while governor of East Java he

instructed his subordinates to show respect to the people. "When you speak to them use the polite form of Javanese, or at least the intermediate form, and bolster the self-esteem of the people so they will really feel that this is their nation," he said.

The last rank he held in the Indonesian armed forces was that of lieutenant general.

5458

CSO: 4213/133

INDONESIA

BRIEFS

PELITA NOT PARTY ORGAN--The DPP [Central Executive Board] of the United Development Party [PPP], in its letter No 576/IN/DPP/XII/'84 directed to all members of the DPW [Regional Executive Boards] and DPC [Branch Executive Boards], announced that the daily PELITA is no longer the organ of the PPP. The letter, dated 3 December 1984 and signed by Drs H Effendi Somad, chairman, and H M. Ansary Sjams, deputy secretary general, recommended that all PPP members in particular and society in general use other newspapers and mass media than PELITA to obtain information about the PPP. In this letter it was explained that, since PELITA started publishing with new leaders and a new editorial board after having its SIT [publication permit] suspended recently, it is no longer PPP's daily newspaper. Therefore, as a comparison and to have an objective evaluation of the PPP it was suggested that people use other dailies, newspapers and mass media. Included in the letter was also a clear statement that this was an announcement about the newspaper PELITA and not about the United Party's newspaper. [Text] [Jakarta PELITA in Indonesian 14 Dec 84 pp 1, 8] 9846

CSO: 4213/116

LAOS

'TALK': ATHIT RESPONSIBLE FOR BILATERAL PROBLEMS

Vientiane PASASON in Lao 1 Jan 85 p 3

[ 'Talk' Column: "The Continuing Silent Ambition of Athit Kamlang-ek"]

[Text] The conspiracy of Beijing reactionaries and Thai reactionaries to use a 2000-man Royal Thai Army to invade and occupy the three villages of Ban Mai, Ban Kang and Ban Savang in Paklay District, Sayabouri Province, and the televised attack on the Thai government about the devaluation of the baht problem are tremendous mistakes for Athit Kamlang-ek, the leader of Thai power circle rightist reactionaries, and his followers. These two incidents display the reputation of Athit Kamlang-ek, who seems to be able to grab the highest power in the Thai government easily; but contrarily, he is like a sunset: Thai people of all classes despise him and are tired of him because they see clearly his and his followers' unlimited ambition. Athit and his followers are not just conspiring with Beijing expansionists in instigating fights with neighboring countries and destroying the long lasting relations between the peoples of the two nations of Laos and Thailand; Athit Kamlang-ek is also daring to threaten the Thai government, even though the principle reason that is placing the society, politics and economy of Thailand in crisis comes primarily from none other than Athit Kamlang-ek. [Athit] wants to pour a lot of money into purchasing arms and threatening the struggles of the Thai people, and he is looking for fights with neighboring countries in line with the teachings of the Beijing reactionaries.

Therefore, there was nothing strange when Athit Kamlang-ek appeared on television to attack the Thai government about the devaluation of the baht in order to call out support from the people. But the people turned their backs on him. Even his trusted friends crossed him. Why? Because the Thai people are aware of Athit Kamlang-ek's and his followers' schemes to exploit the weak points of the Thai government, [so that Athit can] climb to the very top of the Thai government.

But a person with an ideology of military dictatorship, expansionism, Thai hegemonism and ambition like Athit Kamlang-ek, the military's supreme commander and also the army commander-in-chief, does not feel ashamed and does not know how to change his unscrupulous ideology. Athit Kamlang-ek, under the orders of Chinese expansionists and hegemonists, has sent additional

troops along the Thai-Lao border to serve as reserves for the troops already in Lao territory around the area of the three villages. He is aiming to actively disturb the peace of the Lao people in Sayabouri Province and the Thai people along the border between the two countries. This will not only create an undesirable situation for the people of Laos and Thailand along the border, but is [also] destructive of the brotherly relations between the Lao and Thai people.

On the other hand, the Chinese expansionists and hegemonists are exploiting the Thai hegemonism implanted in the heads of the Thai rightist reactionaries, and they are exploiting the ambition of Athit Kamlang-ek in order to conduct their obscure schemes for destroying the beautiful relations between Thailand and other neighboring countries. For example, troops are being added along the Thai-Cambodian border in order to assist and save Pol Pot's troops and Cambodian reactionaries who are in disarray and who are being beaten more badly than ever. The death date of these people has been extended and then Athit has loudly declared that Vietnam has invaded Thailand. Athit Kamlang-ek is also looking for complex ways to build arms factories in Thailand, even though Thailand is heavily in debt and still needs a lot of capital to solve national economic problems. Just think: even though there are no arms factories now, the Thai military dictatorship is [already] this violent; if there were domestic arms factories, how violent would the Thai military dictatorship be then? But the worst danger the Thai people are now concerned with is that Athit Kamlang-ek has not given up looking for ways to overthrow the government. Right now, certain groups of workers are being incited to demonstrate and overthrow the government and everything might be overthrown, including the throne of the king.

Therefore, the Lao and Thai peoples should be alert and aware of the activities and schemes of Athit Kamlang-ek and his followers. For example, they should closely watch and expose all his unscrupulous activities promptly in order to destroy his ambition and stop the destruction of the friendly relations between Thailand and Laos by him and his rightist reactionary followers, so that they will be completely defeated.

12597  
CSO: 4206/74

LAOS

REGULATIONS ON PRIVATE LANGUAGE INSTRUCTION PUBLISHED

Vientiane VIENTIANE MAI in Lao 25, 26, 27 Dec 84 p 2

[25 Dec 84 p 2]

Dear Mr. Editor of VIENTIANE MAI,

Please pardon this letter that I have written to you today. It is nothing much; I just have some questions because I do not understand clearly.

The questions that interest me are:

1. Some individuals have opened private foreign language schools. Is it in line with the educational regulations of the new regime?
2. Are these schools allowed to be open? Please answer these questions for me clearly.

Thank you,

Vongvilay Sihom

11 November 1984

Dear Vongvilay,

First of all, we would like to thank you for writing to our column. Your questions are among many others from many comrades who are interested and have asked us. After studying and researching them, we would like to present to you the new educational regulations under the new regime, as follows:

1. Regulations concerning the foreign language and vocational schools of the Ministry of Education, article number 1887/ME [Ministry of Education], dated 20 July 1982, specifies that:

Measure 1

Establishing cultural promotion or foreign language schools for students and cadres of various levels and people of different ethnic groups so that

they can improve and raise their knowledge must be under the regulations and guidance of the [local] educational division of offices, organizations, schools, hospitals and all companies and enterprises. At the national level, the establishment of these schools is under the control and guidance of the Department of Elementary and Adult Education. At the provincial, district and canton levels, it is under the respective provincial, district and canton educational divisions.

[26 Dec 84 p 2]

#### Measure 2

Foreign language instruction should be in schools or suitable locations approved by the local administration. Once the location is approved, a committee in charge must be set up for that particular instruction, so that it runs smoothly.

#### Measure 3

In addition to collective education and regular classes in different office or organizations, organizations are allowed to instruct biweekly foreign language classes, which can be conducted outside working hours, such as in the evening and on holidays.

#### Measure 4

Any teacher who volunteers to teach and any student who is willing to study outside school hours must register with the committee in charge. Committees are responsible for sending lists of teachers and students to their superiors for approval.

#### Measure 5

The chief of the Department of Public Education and Cultural Promotion or the chief of the Department of Elementary and Adult Education is to examine the lists and approve them, and present the lists of teachers who have been approved to have the responsibility of teaching in the Education Promotion Program and the Foreign Language Program to the Ministry of Education, Sports and Religion for final approval.

#### Measure 6

Teachers and the committee in charge of the Education Promotion Program outside regular school hours are paid for overtime under the regulations of the Council of Ministers. The Education Promotion Program Committee will issue certificates for outside regular school hours teaching to these teachers so that these teachers can get paid for their overtime, in addition to their monthly salary.

#### Measure 7

No other teacher or anyone is allowed to set up a private education program or teach foreign languages in any place outside these promotion classes and besides these promotion teachers.

[27 Dec 84 p 2]

#### Measure 8

Schools for foreigners who reside in Laos are allowed to be conducted only at the primary level. Secondary and higher education levels must be taught in Lao language in accordance with the curriculum established by the Ministry of Education, Sports and Religion. Teachers and books on various subjects will be provided by the Ministry of Education. Foreign languages must be taught in accordance with the hours specified in the regulations for Lao government schools. Any foreigner who wishes to continue in higher education in his own language must return to his own country or go to a country where the teaching is in his native language.

#### Measure 9

Any embassy that wishes to establish its own school for the children of its personnel must establish it within the embassy compound. Any Lao national or other national is not allowed to attend this school, including the children of Lao nationals (whose parents work with the particular embassy).

#### Measure 10

In addition to the education promotion schools, foreign language schools and embassy schools mentioned above, it is forbidden for any individual or organization to establish an educational program or foreign language program. Those schools already set up without the proper regulations must be shut down.

#### Measure 11

Establishing vocational promotion programs for students or cadres who wish to improve their skills and education is also the same as for the education promotion program and foreign language program schools mentioned above. The only difference is that vocational learning at the national level must be under the direction and guidance of the Department of University and Vocational Education of the Ministry of Education, Sports and Religion.

#### Measure 12

Absolutely no organization or individual is to teach any subject for tuition from students. If any organization or individual is doing private teaching, it must absolutely cease.

#### Measure 13

Various enterprises, companies or communities which wish to develop cadres, state employees or workers in order to increase productivity are allowed to

teach people within their organization only. Outsiders are absolutely not allowed to join in this program by paying tuition.

Measure 14

When a student or a cadre finishes the curriculum of the promotion program, he must take an exam. Exam results must be sent to the superior who is responsible for issuing a certificate to the concerned individual for use in changing his status or rank. In addition, unofficial diplomas or certificates issued by other individuals or other organizations are considered not to accord with regulations and are worthless.

All those mentioned above are some of the regulations concerning education promotion schools that you wishes to know. Please read these measures carefully because they are regulations that have been effective since 20 July 1982.

So long.

12597  
CSO: 4206/80

LAOS

BRIEFS

REFUGEES RETURN--In the afternoon of 18 December 1984, a reception was held at the office of the Hat Xaithong District administration, Vientiane Municipality, to welcome 20 people who had made mistakes and been tricked by the propaganda of the enemy and fled the country. To honor this ceremony, on the Lao side there was a committee headed by Mr Siboun Boviboun, chief of the Vientiane Municipality Social Welfare and Veterans Committee. The Thai side had a representative of the counsellor of the Royal Thai Embassy to Laos and a number of other involved officials. After the dedication ceremony, consumer goods and food were distributed to these refugees to assist them in starting their new lives. Then these errant persons were sent to their home towns so they could start to perform their civic duties.  
[Text] [Vientiane VIENTIANE MAI in Lao 25 Dec 84 p 1] 12597

PSS SERGEANT'S CAREER--Comrade Sgt Malaithong Xaignavong is someone who has been groomed in real tasks, which confirms his successful performance. He is the company chief of the Wat Tai Airport Security Division of the Border Patrol Department, which is under the PSS [People's Security Service] Department of the Ministry of Interior. He is the beloved child of the people of Ban Lak Lam, Ling San Canton, Toulakhom District, Vientiane Province. He is going on 27. After he graduated from high school in his home province, he applied to participate in the security task in 1975. Since he stepped into the revolutionary task, he has taken charge and dedicated his young life to participating in and concentrating on this task with a responsible spirit. He respects collective property and has solid internal and external solidarity. He successfully performs the duties delegated by his superiors. He has been a member of the LPRYU [Lao People's Revolutionary Youth Union] since he joined in 1977. Because he is a precious model for his friends and colleagues, superiors have delegated difficult assignments to him. He has been nominated chief of airport security and also is a member of the management committee for the major departments of the PSS and also a LPRYU committee member for the basic levels of the Border Patrol Department. He is also responsible for the statistics unit of the LPRYU airport security division. Even though he is responsible for many tasks, he is not afraid of these responsibilities at all. [Excerpt] [Vientiane VIENTIANE MAI 25 Dec 84 p 2] 12597

OBSTACLES TO TRADE--Traders exporting tractor's parts to Laos disclosed there was strong competition in their business, and there was constant persecution and undermining. Each shipment was not smooth; and whenever there was a political problem involved, the business was affected. As SIAM RAT has already reported--that there was an arrest of Mr Sangwian Tinnakon, an agent of Metro Equipment Co., Ltd, who was a Lao citizen, on charges of bribing State officials in the bidding to sell tractor parts in 1982, in which it was said that the parts the company delivered to Laos were used ones, and as a result there was also an arrest of two Lao ministers--now further reports from one ranking official of Metro Equipment said it was generally recognized that there was strong competition and constant verbal attacks on each other in the business, even though the fact was not what the Lao side had claimed. "Just you imagine, the shipping of products to Laos has to be done in a very haphazard manner, both on land and by sea. Goods from the U.S. and from Europe, before they reach Laos, are likely to be banged against and scratched, affected by sea water and dampness and rust. The company that produces Tractors Pillar is big company in the same ranks as Boeing. They have a net sale of hundreds of thousands millions baht each year. Therefore, they might not want to use this kind of trick which could jeopardize their good name," said the official. However, he said the company has sent dozens of shipments into Laos, and has had difficulties with every shipment. When there was a political problem, it affected the business dealing with Thailand every time.

"I have been to Laos. Almost 100 percent of goods that are on sale in Laos have come from Thailand. The brands and labels are all the same. The people are so innocent that they don't know anything. When I saw them, I felt a lot of pity for them. There is only one group that has a problem," he said finally [Text] [Bangkok SIAM RAT in Thai 14 Dec 84 p 11] 12282

CSO: 4207/107

THAILAND

REFUGEE ON PRISON CLOSURES, CONDITIONS, RESISTANCE

Bangkok DAILY NEWS in Thai 30 Dec 84 pp 1,2

[Text] Former navy commander of Laos led 14 nieces and nephews of a former King of Laos in fleeing across the Mekong River by boat to the Thai side in Nong Khai province in order to seek asylum in a third country. He disclosed that he was arrested and sent to a detention camp where he had to do hard labor constructing and repairing roads, while Vietnamese soldiers were supervising. Just before he escaped, Laos closed down the camp, citing lack of budget. He confirmed that the Crown Prince of Laos was still alive and was being held in a Vietnamese detention camp.

Our correspondent in Nong Khai province reported that in the morning of 29 December, Admiral Prince Sin Chanawong Cindawong, 55, former commander of the Lao navy, together with 14 nieces and nephews of Prince Si Sawang Wattana, former King of Laos, rowed a boat across the Mekong River to Vieng Kook village in Vieng Kook hamlet, Muang Nong Khai district, Nong Khai province, and then surrendered themselves to Pol Lt Col Chob Kongnoi, inspector general of the provincial police station in Muang district, to ask for temporary asylum, after which they would ask for asylum in a third country. Admiral Prince Sin disclosed that after the communists took over in Laos he was arrested along with the Royal Family member in Vientiane and Luang Prabang. Arrested at the same time were General Prince Chaiyawong, 58, younger brother of Prince Chaiyawong was commander of Second Army Region of Laos; General Prince Wannasaeng Chaisam, 53, deputy commander of the First Army Region at Luang Prabang; Prince Moleewong, 57, former deputy commander of Laos First Army Region, who was arrested on 2 September 1974. After the arrest, they were flown to a detention camp in Chiang Koh city, Hua Phan Prefecture. The ministry of defense deployed soldiers to supervise them at Loong Phalit camp.

Admiral Prince Sin went on to say that, while he was detailed at the camp, he was forced to undertake hard labor, constructing and repairing roads and repairing furniture. He said each of them received 20 kilograms of sticky rice per month. They were to find other foods on their own. They received 300 Gib in wages per month (about 20 baht in Thai currency). When they were constructing and repairing roads they were supervised by Vietnamese soldiers. Later, the ministry of defense transferred their custody to the ministry of internal affairs (ministry of interior in Thailand). Then early November 1983, they were released because Laos lacked funds to support the camp, so that the Royal Family members could flee the country. It is said

that all the detention camps in Laos will be abolished this New Year. At present, many members of the Lao People's Liberation Front, who slipped into Laos, have been captured. They were sent to and detained at various re-education camps. When asked about Prince Wong Sawang, former Crown Prince of Laos, Admiral Prince Sin said he had learned that the Crown Prince was sent to a Vietnamese detention camp. Princess Maneelai, his queen, was in Luang Prabang, and was critically ailing with a heart disease. She refused to leave because she believed that Prince Wong Sawang was still alive.

12282

CSO: 4207/107

THAILAND

'SOURCES' ON CHAWALIT ALLIES, OPPONENTS, BELIEFS

Bangkok SU ANAKHOT in Thai 3-9 Jan 85 pp 9-16

[Article: "The Path of Lt Gen Chawalit Yongchaiyut: A Political Rather Than Military Path? The 17th Prime Minister?"]

[Text] Ever since the 1 April Rebellion staged by former officers known as the young turks, the person who has dared to take action has been Gen Athit Kamlangek. And he has been aided by an officer who has made his way to the top echelon by clinging to and coordinating things between Gen Athit and Gen Prem.

We are referring to Lt Gen Chawalit Yongchaiyut, the deputy chief of staff of the army. It can be said that he has made his way amidst storms from every side. But this officer has not reached the end of his path. Although it once looked as if he had reached the end, he has managed to turn things around and will be a key figure in Thai politics for a long time to come.

"If you have many friends, you will have many enemies, too." This was a comforting idea during the period that Lt Gen Chawalit was experiencing so many problems.

The First Step of This Political Soldier

Lt Gen Chawalit Yongchaiyut is a soldier who is involved in political matters. He is considered to subscribe to the left-wing ideas of the Democratic Soldiers. His close relations with former professors such as Dr Pramot Nakhonsap and with Marxists such as Mr Prasoet Sapsunthon and Mr Phin Bua-on have given him a "progressive" image. But actually, in a democratic way, Lt Gen Chawalit looks at the military and political matters in a more "systematic" way than anyone else in the military. That is, he feels that the country's problems can be solved through systematic, wise and reasonable management that implements political strategies and tactics based on the changing situation.

The Democratic soldiers group was formed by officers who hold "political views." Such views have been spreading secretly for a long time. This is a small group that looks at problems as a system that is related

to democratic administration. It has carried on activities continuously. Its clearest political concept is to carry on activities in order to make it possible for democracy to change from an economic structure based on developed capitalism. Its ultimate goal is to bring about economic equality. This is to be done by giving more freedom based on establishing a military-political power center. The top administrative group comes from the policy groups that share the same ideology.

Dr Somchai Rakwichit, the ideological leader of another gorup of military officers, once made an analysis and concluded that based on the economic foundation that this policy group is trying to develop, their goal is to establish a socialist system with an outward democratic structure.

However, there are several factions that oppose such views. For example, one faction whose goals are the same feels that society can develop by itself and that it is not necessary to rely on the "leap" of democratic politics as this gorup thinks. This can be a "path to socialism."

These ideological opponents have created a gap in the political activities. This group of political soldiers feels that this complex situation provides an opportunity to spread revolutionary ideas by proclaiming a policy of democratic revolution. But their opponents, whose long-term goal is to develop economic socialism, feels that this is too risky since society is still not fully ready. They feel that this lack of readiness will exert great pressure and limit the long-term growth of the democratic forces.

One officer in this camp who once played a major role but who must now keep quiet since the military situation is unfavorable to his position told SU ANAKHOT that "both groups have the same goal. That is, they want democracy to develop. A compromise must be reached with the nation's basic institutions, which still have great power and influence in Thai society. There must be cooperation so that these institutions see the necessity of changing their role by putting an end to various influences such as landlordism and patron-client relationships. The purpose of this is to give capitalism a chance to play a role. This means that the political role of the primary institutions must decline. However, they will still play a symbolic role in binding society together."

It is said that at first, the goal of these political soldiers was simply to do something about the fact that the country lacked a system and did not have regulations to ensure fairness.

"Lt Gen Chawalit is the activist in a group composed of about 10 people. This group is not composed of military men only. There are also former student leaders, university professors and newspapermen. These people view the problems in the same way. In short, they feel that the role of capitalism must be developed. Butat present, capitalism must struggle to destroy feudal thinking and win a political victory. But if it doesn't, capitalism will be stunted and kept from developing. This became clearer when the communist party analyzed Thai society incorrectly. This group

feels that the communist party made this mistake because of its pro-Chinese tendencies. It represented foreign interests. The fact that we oppose China and support the struggles of the pro-Soviet socialist countries has gained us great notoriety. But actually, our roots are in Thai society. The communist party waged its struggle from a non-Thai position and used a strategy that relied on weapons only. Socialist targets can be hit using other methods. We are more advanced than China. Look at what things are like today. The Chinese no longer believe Mao Tse-tung and have even begun to reject Marxism-Leninism. We have definitely moved faster than China on the theoretical front," said one military officer in the movement. He said that if society develops and really opens itself to capitalism, such as by seeking new allies that are not part of the "ASEAN-China line," Thailand will be able to maintain a position of neutrality among all the influences, including the United States, China and the Soviet Union.

It is said that the officer who can put this group's ideas into practice is Lt Gen Chawalit Yongchayut, who has always made his position quite clear. It is said that the upper levels of society do not trust him because of these views.

But the truth is the truth. Those who work with Lt Gen Chawalit say that the Democratic Soldiers, who have always worked as a group, have now split into different factions and achieved greater results than in the past. Lt Gen Chawalit has "appealed" to them to temporarily erase their image as people tied to theorists and progressive ideas. He has done this because the old influences and powers in society still carry much weight. Instead, he is stressing internal activities in order to keep the dictators from taking advantage of the situation.

#### An Effective Operative

Even though the image of the Democratic Soldiers has now been tarnished in the eyes of people in general, in practice, the various political activities of those who share the ideas of the Democratic Soldiers can achieve broad results and put down deep roots.

"He can succeed while others are too open. For example, Prasoet made too much noise. He was warned several times, but he took no notice. Because if the institutions become alarmed, this will give the dictatorial soldiers a better chance than the Democratic Soldiers to gain dominance," said a SU ANAKHOT news source. He pointed out that a coordinator like Lt Gen Chawalit Yongchayut prefers actions to words. Good results were achieved in having Gen Prem confront the challenge of the dictators and conservatives. The Democratic Soldiers believe that their ideals are still alive; the only thing is that the current shifts. At the same time, all factions believe that Lt Gen Chawalit is now taking steps to "make changes within the system," which is more effective than making statements, which would not be beneficial politically.

"Why is Prem so strong? It's not because of Prem himself. It's because of Lt Gen Chawalit. Lt Gen Chawalit understands the system and knows that Gen Prem must be supported for future results. Destroying Gen Prem at a time when he is of use to democracy would just enable the conservative dictators to seize power," said the same news source.

For this reason, those who have followed the activities of Lt Gen Chawalit do not feel that he was joking when he said that he will retire before the mandatory retirement age. Because the task of making democracy the business of the people has been completed. Lt Gen Chawalit's next step is to enter politics--if the call of democracy and of the people is loud enough.

Thus, while some people view Lt Gen Chawalit as a mysterious person who does things so secretly that it is impossible to tell which way he is headed, those who hold to the ideals of the Democratic Soldiers feel that he is sincere and that he is one of the few real "gentlemen for democracy" among the country's military officers.

"Some people wait until they have lost power to declare themselves in favor of democracy. But when they were in power, they did nothing [to promote democracy]. But Lt Gen Chawalit has constantly worked for democracy. The higher he has risen, the more he has done. If he became the RTA CINC, he would be even more democratic. This has caused some people to view him incorrectly. They think that he is like other officers who use democracy to gain power. But in his case, he uses his power to promote democracy. Why doesn't this carping end? Why can't there be a solid economic base? It would be better to have such a base in order to use its power in the struggle against dictatorship."

This view indicates that Lt Gen Chawalit's political path will remain hidden for a long time, not only because of the situation, but also so that he can gain power in a gradual and systematic manner.

#### Power Depends on Information

To help himself amidst the political and military turmoil, Lt Gen Chawalit must have up-to-date information. On one hand, Lt Gen Chawalit's activities are broad activities that are being carried on in an "open" system. But on the other hand, Lt Gen Chawalit has greater access to information than other military officers, or anyone else for that matter.

To carry on systematic activities, the situation must be carefully analyzed, evaluated and summarized. The various factors that can change the situation are transmitted by influential people within public and private circles and within the mass media, where Lt Gen Chawalit has friends. Besides this, Lt Gen Chawalit has intelligence agents and activists within the state enterprises. These are people with whom he has been allies ever since they were Democratic Soldiers. This includes his allies in all the state transport enterprises--land, sea and air.

Those who work with him all play a role, regardless of whether they are at a low level or at the top echelon of the state enterprise. Besides this, Lt Gen Chawalit's lower base is very "solid."

The fact that he has succeeded in creating such a solid and broad base indicates that Lt Gen Chawalit is very skilled at coordinating things with all sectors in society and that he is adept at gaining information from all sectors in society.

Other important forces of Lt Gen Chawalit that cannot be overlooked are former student leaders and intellectuals who were able to return from the jungle because of Policy 66/1980, which was a very important creation of the Democratic Soldiers.

Some of these groups carry on activities secretly. It is said that high-echelon "inner circles" know that they receive secret government funds through an officer who is a member of the Democratic Soldiers group. Government officials feel that this is the best way to pass on this group's ideas and views on important social problems.

In his book "Young Turk Kap Thahan Prachathipatai" [Young Turks and Democratic Soldiers], Dr Chai-anan Samutwanit states that civilian founders of the Democratic Soldiers who were involved with things for many years include important people such as Mr Prasoet Sapsunthon, Mr Amat Khamthethong, Mr Sawat Lukdot, Mr Sanan Santiya, Mr Thoetphum Chaidi, Mr Sombat Thamrongthanwong, Mr Somphong Sakawi, Mr Buan Yasinthong, Mr Thienchai Wongchaisuwan, Mr Khamnun Sitthisaman, Mr Yotthong Thapthiumai and Dr Pramot Nakhonthap.

Some of these people still share the ideals of this group and carry on activities openly in order to popularize a democratic line that has goals and that is systematic rather than talking about some intangible democracy.

The most important feature of these people is that they all have ties to other groups and other power groups in society that hold similar views.

For example, some have ties to intellectuals in other provinces. They can use these ideological forces to stage news events. Some have written articles using pen names or as news analysts who are supposed to be "better analysts" than others.

Some have ties to people who have the ability to clarify theories and social ideas. Some of these people once split away and formed their own scientific socialist party.

#### The Danger of Unity

The fact that Lt Gen Chawalit Yongchaiyut is responsible for intelligence networks and intelligence activities concerning the mass media, including

military and international political intelligence, has given him a broad understanding of the problems. This is different from the general "narrowness" of most of today's military leaders. On the other hand, this has occasionally resulted in some of his allies "going too far" or "making a wrong move." But overall, this has generated fear among those who do not understand that these duties of Lt Gen Chawalit are his "official" duties.

This has caused several important problems:

First, some conservatives do not understand these duties of Lt Gen Chawalit. And because he has always worked with the most progressive, left-wing groups in society, his image is that of a person who has joined in these "leftist" movements. This is a mistaken view that his colleagues have frequently had to correct. Because if such an image were allowed to go unchallenged, it could affect his career in the long term.

Second, a clear indication that Lt Gen Chawalit's group "made a mistake" was the Marxist argument with Dr Pricha Piemwongsan. The use of Lt Gen Chawalit's name in an article, which implied that he was skilled in the application of Marxist theory and practice, made it seem as if Lt Gen Chawalit had studied Marxism and that he had a clearer and greater understanding of this than most intellectuals.

This alarmed the conservatives, with whom Lt Gen Chawalit was trying to reach a compromise or forge unity. They were worried about the final aims of this military leader, who was armed with ideological and theoretical weapons.

Besides this, at the same moment, another democratic group came into existence and played a role, too. This was the group of Dr Somchai Rakwichit, which used Western theory and liberalism to analyze Thai society. The goal of this group was to build an efficient democracy. Unlike the first group, this group did not have an outside democratic structure while inwardly relying on socialist economic principles.

These two ideological groups generated conflicting ideas, and each side analyzed the political situation differently. In one period, one side used the journal PATINYA while the other used TAWAN MAI.

But because the influence of the older group was on the wane, the newer group, which held progressive ideas and which was involved with those who had greater military influence, began to take over from the older group. This resulted in a "purge" of the old "influences" in the Internal Security Operations Command. Thus, the "agents" of the liberal democrats were purged by the socialist democrats.

When these two factions started fighting and rushed to build different democracies, this benefited the democratic atmosphere in general. And it was Lt Gen Chawalit who reaped the fruits of the development of democracy.

Also, Lt Gen Chawalit has played a greater military role than other officers because in one period, he gave advise and formulated strategies and tactics. Gen Athit Kamlangk relied on him to coordinate things with other "brains" in various organizations as mentioned above.

As already mentioned, in one period Gen Athit shot to the political forefront by relying on the military and politics. He "waited" his turn" to become the RTA CINC. After he gained this position, he became suspicious about some of the backers of Lt Gen Chawalit. The result was that Gen Athit stopped paying attention to Lt Gen Chawalit for a period. Even though the connections were still the same, Gen Athit began to turn more to the conservative officers instead of the "brains of the army." This has resulted in people viewing Gen Athit in a new light. That is, people view him as being surrounded by political "cheering" groups that include civilians, soldiers, police officials and businessmen who either already have power or who want power.

#### Pulling People In Order to Gain Knowledge of Their Activities

Some people are trying to stir up trouble by saying that Lt Gen Chawalit Yongchaiyut and Lt Gen Phichit Kunlawanit are competing for the position of RTA CINC. Gen Athit Kamlangk has not designated a definite successor. Rather, he is using the principle of making use of both sides. That is, he is making use of conservative and progressive political ideas simultaneously. Thus, there has been speculation about who will succeed him as RTA CINC.

In one period, the situation changed greatly when members of the communist party began carrying on activities in the cities. There were also reports that Lt Gen Chawalit knew about these activities and that he was secretly in communication with these people in order to get them to surrender, or to "sove the problem," so that they would come and wage an open struggle together with his military faction.

However, the conservatives felt that under the "cloak" of officials, high-ranking members of the party might come and make use of this "cloak." Thus, they quickly took steps to have them arrested.

#### Almost Ran Out of Luck

The arrest of communists in the cities showed the resistance of the conservatives, who felt that the progressive soldiers were playing politics in order to gain power, use their power to bring about a democratic revolution and join with the masses in order to abolish the outdated administrative system and establish a new political system uniting all the progressive forces. [They feared that] at that point, the important

influences in society today, that is, feudalism and ruling-class capitalism, might disappear and that the progressive soldiers would seize power.

Thus, there was the "presidumn" affair prior to the election, and the conservatives succeeded in defeating the military on the matter of revising the constitution, which was a critical matter at that time.

When communists were arrested in the heart of the city, it was said that, publically, Lt Gen Chawalit agreed with this action but that privately, he disagreed. There were rumors that Gen Prem Tinsulanon, too, disapproved of this action.

"That was when it first became evident that the army had split into two factions, that is, the progressives and the conservatives. That was when Lt Gen Chawalit chose to side with Gen Prem," said members of Dr Somchai's group to SU ANAKHOT. But at the same time, this group, which had once joined with the Democratic Soldiers, stated that "at that time, Lt Gen Chawalit shared our ideals so strongly that he was ready to sacrifice his military career in order to aid us in our effort to bring about social progress and succeed in getting the people to wake up and involve themselves in politics for the benefit of the majority in society."

The conservatives scored a decisive victory in the first round of this fight. The future of those jailed on communist charges looked bleak. But on the other hand, this resulted in the intellectuals and progressive groups joining forces.

Following the communist affair, young turks were arrested again. An attempt was made to tie this to the arrest of the communists on the grounds that both groups promoted revolutionary ideas.

It was rumored that Lt Gen Chawalit had played a role and so another storm broke over him. But he made use of unity and inserted himself into high echelons by relying on senior police officers and special people with whom he had close relations. Making use of his intelligence work, Lt Gen Chawalit sent a signal denying any involvement in these things. And he relied on his closeness to Gen Prem. Because of this, Lt Gen Chawalit was able to turn the situation around, carry on his political activities and again emerge with the advantage.

#### Reversing the Situation, Victory Ideals

Lt Gen Chawalit's decision to stand firmly on the side of Gen Prem Tinsulanon has indirectly resulted in a decline in the position of Gen Athit Kamlangek.

Rumors about the conservatives immediately sprang up in Thai society. Following that, the real nature of the young turks, who were still thought to side with Gen Athit, was analyzed. In addition, reports

in the mass media and government reports have constantly hammered at the conservatives to the point where a decisive victory has now been won.

This reversal from vanquished to victor by Lt Gen Chawalit is the reason why some analysts claim that his political position is based on making compromises, just like former Premier Zhou Enlai. Or it is like the activities of Teng Xiaoping, who used gentle means to "kill" his enemies and reach his goals.

The victory scored by Lt Gen Chawalit is considered to be a victory for the progressives. Thus, it should now be much easier to move the country forward from its backward position, which will result in the old influential people losing their influence. This is because Lt Gen Chawalit now has more power than before. Also, this will show whether the ideals and system to which he has held for so long will bear fruit.

At the very least, during this period, the communist suspects will be allowed to leave prison, either by putting up bail or by making confessions and attending re-education seminars depending on this ideological force. After their release, they will be expected to carry on activities based on this path and its ideals for a long time.

The victory of Lt Gen Chawalit and of these democratic ideals has a clear shape. First, the socialist democrats have had to flee. Dr Somchai Rakwichit had to flee for a time in order to study the political situation. To this end, he went to teach and lecture abroad.

Second, powerful officers in the military were trapped and have now had to abandon their political ambitions. They now have no chance of becoming prime minister. This has opened up opportunities for other people. It will no longer be the case that the prime minister will come from the top echelon [in the military].

Third, Gen Prem's position has been strengthened. Even if the present prime minister is not skilled in governing the country, his "braintrust" is still directing things through his advisors and through the activities, both open and secret, of Lt Gen Chawalit Yongchaiyut. This is what will lead to success in the end.

#### The Future of Democracy, Prime Minister By System and Ideals

The final attempt to block Lt Gen Chawalit Yongchaiyut has now failed. In the future, this officer will rise even higher. He will be able to formulate the country's strategy in a systematic manner and build a society in which the progressive members of society can again grow after being oppressed since 1976. They will have an opportunity to engage in political activities and organize groups in an efficient manner.

Thus, the new year should be a bright time for Lt Gen Chawalit. Not only is he likely to become the RTA CINC, but it is quite possible that he will become the prime minister. Because what has happened clearly shows that Thai society has made enough progress to unite with the progressive groups that have succeeded in making it to the top echelon in the military. Part of the credit for this must go to Lt Gen Chawalit personally. But we must also recognize the role played by Lt Gen Chawalit's progressive forces, who have carried on activities both secretly and openly. They have played the political game skillfully, helped to reduce the power of the conservative soldiers and done things that have greatly benefited democracy.

Victory cannot be achieved by making demands, and revolutions are not carried out by making statements. The path taken by Lt Gen Chawalit Yongchayut has proven the truth of this.

#### Ideals and the Truth

Even though Lt Gen Chawalit has relations with those known as "leftists," these relations are on the level of "official and ideological group." But in Thai society, it seems that society forces people to choose between work and ideas. Basically, the thinking of Lt Gen Chawalit is rather free since "he has great confidence, particularly about communist matters. He feels that this group can be used," said a high-level news source in diplomatic circles.

Some people have said that it is impossible to fight an unknown opponent. In the past, many people who were important politically and who were charged with associating with "leftists"--even though their duties involved them with these people--differed greatly in their ideas, ideals and practices.

Many people are able to choose their own path. But Lt Gen Chawalit's attitude on political and administrative principles are not really clear. That is, in carrying out his tasks and duties, he must sometimes do things in secret. This has caused apprehension.

As for his personal life, someone once said that in those personal dealings of his, it is not clear which group Lt Gen Chawalit represents. But his personal dealings have indicated that he has taken a liberal or capitalist path.

However, even though the situation has prevented the thinking and methods of Lt Gen Chawalit from being manifested clearly, people who have had contact with him have made various observations. All feel sure that the "brain" of Lt Gen Chawalit is that of a scholar and soldier and that he is not bound by the influence of any ideologist.

Politically, the path taken by Lt Gen Chawalit is very clear. It would be very difficult for any faction to make charges to destroy him. He has made his position very clear. His path to an even higher position lies before him.

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GEN SAIYUT ON POTENTIAL FOR APRIL TROUBLE

Bangkok SU ANAKHOT in Thai 7-9 Jan 85 pp 17-19

[Interview with Gen Saiyut Koetphon, the former supreme commander; date and place not specified]

[Text] [Question] Lt Gen Chawalit Yongchaiyut, the deputy chief of staff of the army, talked with Thais living in the United States about the problems that will arise for the Prem government in April and May 1985. What are your views on this?

[Answer] There could be trouble. Because several things will occur during that period. This includes the effects of the devaluation of the baht, the fiscal-year budget preparations for officers who are retiring and the problems concerning paddy prices. That is the start of the production season, and it is the time of the mid-year military reshuffle.

[Question] Will there be problems on any other front?

[Answer] Yes. Parliament will convene again. There may be political or parliamentary problems. We must all help to ensure that nothing bad happens. We must all help to ensure that things proceed well.

[Question] Do you think that there will be a mid-year reshuffle of senior military personnel?

[Answer] That is a strong possibility. Because in practice, that is normal. But actually, soldiers should not be transferred too often. If people are transferred too often, they do not have time to become familiar with their work and this generates insecurity.

[Question] What about the matter of granting an extension to Gen Athit Kamlangek? Will this cause problems?

[Answer] We have had two lessons in the past, haven't we? I don't want to discuss this. My discussing this would not serve any purpose. I am now an outsider and am not responsible for anything. I am a senior person and have good intentions. I have much experience and so would rather talk about constructive things.

[Question] In other countries, do they grant extensions like we do here?

[Answer] From what I have seen, in Malaysia and Indonesia, they provide opportunities for younger men to show their capabilities. But after being put in a position, the person should not remain in that position for more than 3 years. Because if he is allowed to remain longer than that, he will build up a power base for himself. We should allow younger people to move up. We laugh at the old soldiers in China. They preserve them there since they all fought together in the past.

[Question] Between Lt Gen Chawalit Yongchaiyut and Lt Gen Phichit Kunlawanit, the commanding general of the First Army Area, a line officer, who do you think is best suited to serve as RTA CINC?

[Answer] Dividing them like that is old-fashioned. In the past, we arranged our staff like the Germans. People were divided into staff and command lines. But now, people are no longer divided like that. We have arranged things like the U.S. military. The staff schools teach everything. That is, they teach both staff and command courses. This is called command and royal staff. This enables us to replace each other.

[Question] But between these two men, which is more qualified?

[Answer] Both are qualified. But don't talk about one being a staff officer and the other being in the command line. There must be some alternating. That is, the person should be a staff officer one time and a command officer the next. This must alternate. But what is important is that people must work together as a team.

I don't want to criticize anyone. I don't want to get involved in this. People will say that I support this or that side or that I dislike this or that person. But I will say that there are people in the army who are qualified to lead the army.

[Question] What do you think about the ideas and path of Lt Gen Chawalit?

[Answer] I can't answer that. He is a soldier from the younger generation. He is very smart. But I don't know how he will use his intelligence. I don't know whether he will use his talents for the common good or to benefit himself.

[Question] What about Lt Gen Phichit?

[Answer] In the past, Phichit was a fighter. He was a professional soldier who showed great bravery. He was a good officer. But when he became a senior officer, he got involved in politics. I don't know about this. But I do know that he was a good soldier when he was in combat. I would like to see him confine his activities to the military and not get involved with politics.

[Question] Why do today's soldiers like to hold so many class and service parties?

[Answer] This is a social matter. People who have graduated from the same school often hold parties. I think that this is a social matter. This doesn't harm anything. But people should not divide themselves by class or make a distinction by who rose from the NCO ranks or who graduated from CRMA. We are all soldiers.

[Question] In that case, what should the duties of soldiers be?

[Answer] They must hold to the principles. They must obey their superior officers. They should not form groups and pledge loyalty to this or that person since that is not a matter of principle. That should be secondary.

[Question] What if the two overlap?

[Answer] If we want to hold to the principles, we have to decide what is most important. If we are professional soldiers, we have to hold to the principles. We have to help build the military. Soldiers must obey their superiors. They must not divide by class or branch or form groups to support this or that person. If they act that way, it means that politics has been introduced into the military, which is not in accord with the principles. This is not something that soldiers should be doing. The Army Academy teaches this, too. If soldiers do this, it will weaken the military, and the military will not be able to serve as the foundation for the country.

[Question] Would you discuss the paths of Lt Gen Chawalit and Lt Gen Phichit?

[Answer] I don't want to discuss that. I have already given you my reasons. That would not serve any useful purpose. Also, I am no longer in the military and so I don't want to comment.

[Question] Is it wrong for soldiers to support the government?

[Answer] No. If something is good, we should support it. If something is bad, we must discuss the matter so that our actions are in accord with our duties and our position as soldiers. We must help each other. As a reporter, you must help by making criticisms and pointing out what is right and what is wrong. You have to help make suggestions. But don't take the wrong path as you did in reporting about the formation of a new division. Speaking frankly, before a new unit is formed, we must first determine how necessary this is. If it really isn't necessary, the unit should not be formed. Because today, our army is like a person with a bulging head who finds it difficult to walk. We should emphasize building up our existing units so that they have greater efficiency. Units should not be formed in order to establish a personal [power] base. That is not right.

[Question] What about the recent trouble with the government?

[Answer] I think that Gen Prem has great military and political power. I would like to see him use his power a little in carrying out his tasks. Gen Prem has great power and has nothing to fear. In saying this, my intentions toward him are good. As for the things that have happened, he should know that he has great power based on the law. If he does not use this power, people will wonder who holds power. Those who hold legal power should be the ones to control the forces. They should be above the forces. The hidden powers and so on must be under the legal powers.

To manifest this power over the forces, Gen Prem should use his legal powers to show that he can control the forces. If he doesn't do this, people will begin to wonder whether he really has the power to control the forces. To bolster the confidence of the people, Gen Prem should use his power.

Another aspect is sovereign power, which comes from the people. We have to see which side they will support. If something happens and Gen Prem does not take action, this will affect state officials and the people since they won't know how the government will react.

[Question] Does the fact that Mr John Gunther Dean, the U.S. ambassador to Thailand, frequently meets with Gen Prem indicate that the United States still supports Gen Prem?

[Answer] Probably. Thailand and the United States have a very special relationship. They want to know what our views are. They go to the source, that is, Gen Prem, in order to get the facts from him. Because if anything happened to the government, that would affect peace in this region. We are a frontline state. If anything happened and we could not serve as a bulwark here, they would be worried. They would like us to remain as we are. That is, they want us to have a democratic form of administration. They don't want us to have a dictatorial or communist form of administration. But they won't intervene or interfere much in our affairs.

[Question] Do U.S. officials still come discuss things with you?

[Answer] I attend a technical seminar with them each month. I am very busy. These seminars usually focus on technical and strategical matters. Specialists from our country attend these seminars. We discuss matters and exchange ideas.

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THAILAND

COLUMNIST FAULTS U.S. FOR DELEGATION VISIT TO PRK

Bangkok NAEON in Thai 13, 21 Dec 84 p 3

[Text] If you are not an ordinary citizen tending water buffaloes, gardening and ploughing paddy field in the areas along the border, and if you have not taken yourself amidst the crossfire by the Vietnamese-Heng Samrin forces you might not deeply appreciate the severity of the danger that could come from the war in the southeastern part of Thailand.

As we are facing a situation in which a war is getting close to expanding and spilling into our land any time, like the present situation, it turns out that our "intimate friends," who used to patronize and support us in the past, are taking a delegation on a visit to our "adversaries." Any one with a common sense--one does not have to have a sharp perception--would know that there is something out of the ordinary afoot here.

This coming weekend, a U.S. congressional delegation will travel to Phnom Penh. This is all that we need to stir up our suspicion. This is because the Vietnam-backed Heng Samrin regime is a puppet government that is not recognized by the United Nations; it is not in a legitimate position with which others could deal and communicate.

And, moreover, when the head of the U.S. delegation announced that the purpose of the trip to Phnom Penh was to "go in to hear out the (Phnom Penh regime's) feelings," it becomes even clearer that this is a statement to deny and woo at the same time, which makes things even more nebulous.

Holding hands is the first step toward love making. A friendly conversation will inevitably lead to sympathy.

The U.S. delegation cannot deny that this trip to Phnom Penh--let's just take it at its face value--is to "seduce" the puppet regime. The question then is, What is the U.S. thinking of doing eventually?

This U.S. delegation, apart from the head of the delegation who is a Democrat (an opposition party), consists entirely of Congressmen from the Republican party, which is a ruling party. Any affair that this group of Congressmen has learned or seen, will have an effect on the formulation of policies of their government.

Therefore, the criticism coming from Air Chief Marshal Siddhi Savetsila, Thailand's foreign minister, with regard to the Phnom Penh visit, is not "a hasty conclusion," or an alarm on the part of the Thais, as Mr Montgomery has charged.

This criticism is a "direct aim" at the policy thinker-formulators in Washington, to say, No under the counter trick, please.

[21 Dec 84 p3]

[Text] The U.S. congressional delegation, led by Congressman Gillesbe "Sonny" Montgomery, chairman of the House Veteran Affairs Committee, has completed its visit to the three Indochinese countries.

The conclusion of the talks with the leaders of the three communist countries has produced nothing that is considered beyond the expectation of the observers all over the world.

Mr Montgomery stated clearly upon his return to Honolulu, Hawaii, that, "The United States must begin talks openly with the leader of the three Indochinese countries, if it does not want the Indochinese countries to fall under the claw of the Soviet influence entirely.

He said, as he travelled about to visit places in Vietnam, the Vietnamese people were happy and smiling, and they conversed with and received his delegation with friendliness. "It's clear that these Vietnamese love Americans," he said. But at the same time, the number of Russian advisors increased from 100 about two or three years ago to thousands now.

There is no one who would not welcome it if the United States should want to be rid of the shame and hurt it received from the defeat in the Indochinese war 10 years ago, and then normalize its diplomatic relations with Vietnam. (The United States already has diplomatic relations with Laos.) Not only would it be good for peace, but it would also be good in many ways for the prevention of Vietnam from falling deeper into the "hugging hands" of the Soviet Union, as has been the claim.

But the fact that Congressman Montgomery "stated beyond the point" and went on to propose that his government open direct talks (translated into Thai to mean "to have formal relations") with the leader in Phnom Penh, and at the same time attacked the Khmer Rouge led by Mr Khieu Sampon and Pol Pot, to the point that the government would not render any support to the latter group at the United Nations--this cannot be considered to be anything else but that the United States would cease its support for the anti-Vietnamese three-party coalition government of Cambodia, which is recognized by the United States at the U.N.

And this is equal to turning its back on the ASEAN countries which are following the same policy as the U.S.

Has Congressman Montgomery forgotten that the ASEAN countries are not against or are hostile all around to the three Indochinese countries, but are against the occupation of Cambodia by Vietnamese troops with a "puppet" government led by Heng Samrin at Phnom Penh as a front.

ASEAN must use every means to oppose such occupation, be it by means of giving support to the three-party coalition government of Cambodia or any other means, and the so-called "every means" is constrained by the term "legitimate."

ASEAN have never sent troops to intervene in Cambodia. And today, ASEAN still have diplomatic relations with Vietnam and Laos, and are always using diplomatic means to seek understanding and to settle the conflict with Vietnam and Laos.

Stepping beyond the point, to the point of opening talks with the Heng Samrin regime would be proceeding in the opposite direction with ASEAN and would be directly against the resolution of the United Nations recognizing the tripartite government.

If you have not forgotten these things, then please reconsider your proposal.

12282  
CSO: 4207/108

THAILAND

DEMOCRATS MEET: U.S. FUND AID; HAN'S VIEW NOTED

Bangkok BAN MUANG in Thai 10 Dec 84 pp 1, 16

[Article: "Democrats Reject Million Dollar Fund from Reagan"]

[Text] An American millionaire has taken pity on the Democrats. He has offered to support the party of "MR Seni Pramoj" but the party has refused, stating that it is against party ideology [to accept such support]. The party has held a conference [as it] wants to expand its membership to 500,000 members before the election year. The party claims that the conference was a success.

Mr Seni Pramoj, the former leader of the Democratic Party, disclosed at the party conference at the Asia Hotel on the afternoon of 9 December that the party has refused a \$1 million fund offered by an American millionaire.

Mr Seni explained that this American millionaire had contacted Mr Phichai Rattanakoon, the leader of the party, to propose this fund. The millionaire reported that he was interested in this party and that he saw that it lacks funds. Nevertheless, Mr Phichai refused the funds from this American millionaire.

Mr Seni stated at the conference that certain political parties in Thailand have been set up for fund raising or for political gain, but that the Democratic Party always has had a firm political ideology, even though it is not rich. Although it does not have a lot of funds, the people in the party help each other, and although he himself has washed his hands of politics, he wants to help the Democratic Party campaign during the election.

Then Mr Phichai Rattanakoon, leader of the Democratic Party, stated at the annual conference at the Asia Hotel on the afternoon of 9 December that the party's goal is to have a total registration of 500,000 members before 1987 in order to deepen the roots of the democratic system.

Presently, the Democratic Party has 90 branches and 200,000 members in different provinces around the country.

The leader of the Democratic Party stated that the goal of the party is not only to have a lot of members elected, but that it wants the democratic

system to increasingly deepen its roots to [include] more of the public as the latest slogan of the party states, "Strengthening the People Through Full Participation."

In the last general election of 1983, the Democratic Party had 57 additional MP's and the party joined the [coalition] government, with party members having responsible positions in three ministries, the Ministries of Public Health, of Education and of Science, Technology and Energy. The time since then has proven that the work of these three ministries has progressed favorably and with evident results.

In addition, that Democratic Party minister, Mr Vira Musikphong, who shares responsibilities in the Ministry of Interior as a deputy minister, has achieved results with the overhead monorail, which has been approved at a cabinet meeting; we will see the results of his work in the next 3 years.

As Mr Phichai himself, he is a deputy prime minister responsible for 28 different commissions, especially for the Commission for Improving Thai-Japanese Economic Cooperation as its chairman. Thailand has had a lot of trade deficits with Japan. If his work on this commission is successful, it will be very advantageous to the country and be part of the results of [the performance] of the Democratic Party.

The leader of the Democratic Party stated that the party joined the government under the leadership of Gen Prem Tinsulanond as prime minister because the party can work in harmony with General Prem, who is sincere and honest.

The Democratic Party has always held on to its ideology in spite of "evil obstacles" at various times, such as the movement to amend two clauses of the Constitution, which the Democratic Party was not willing to accept. The party has always taken a stand on its ideology because it has been struggling for democracy for almost 40 years. Dr Akon Sarasuchat, a Democratic Party Bangkok MP who serves as chairman of a study group looking for solutions to the sidewalk merchants [problem], disclosed concerning this matter at the annual conference that the commission has proposed methods for solving it to the party's executive committee and that Gen Sitthi Chirarot, the minister of the Interior, thinks that sidewalk selling violates traffic laws and public health laws concerning food preparation, so the Ministry of the Interior has retained this matter.

As for the nomination of additional party executive committee members in each region, the results are: Mr Phichit Rattanakoon is the party's executive committee member and Mr Viroj Na Bang Chang the standby member for the central region, Mr Vinai Namsathien is the member with Mr Somphong Phonvai the standby member for the northern region, Mr Chalong Sookcharoen-vipharat is the member and Mr Prasan Ammarat the standby member for the northeastern region, and Mr Surin Laksanavisit is the member and Lt Krachang Tulalak the standby member for the southern region.

Electing these party executive committee members will increase the committee's membership to 31.

In the afternoon of the conference, Mr Chuan Leekphai, the deputy leader of the party, presided over the conference in place of Mr Phichai Rattanakoon. The results of the conference were reviewed. The party members attending the conference were divided into three small groups, with one group reviewing the management of the party, another its economic policies and another its political, administrative and social policies.

Mr Marut Boonnak, the deputy chief of the party and president of the first group, summarized the administrative work of the party by saying that the members have discussed and expressed their opinions concerning the roles of the chairman and the secretary general of the party by stressing what their roles should be toward the party and its branches. Afterwards, Dr. Phichit Rattanakoon as head of the economic policy group explained in summarizing the conference that [the group's] members had talked extensively about the people's income problem and suggested ideas and opinions to the government for solving it, such as promoting places for people to earn their living by developing water source areas; the problem that in setting up fair markets for agricultural products that the government must have the power to bargain politically with other countries to provide markets for agricultural products and that the government must be able to intervene in pricing, to guarantee the price of the harvests and to manage land for cultivation in order to make agricultural production stable; the problem of capital being fairly distributed with producers, for which the minimum wage must be reviewed, including considering the setting up of agricultural organizations to have a part in solving problems. Essentially, the Democratic Party members urged the government to control the national budget tightly in order to eliminate corruption. The party leadership will continue to gather and put pressure on all these issues.

Gen Han Linanond, a party member who joined the conference as chairman of the political, administrative and social policies group, summarized miscellaneous matters as follows. He said that the conference had clearly stipulated the policies and programs for building up the party's strength with the public in line with the party slogan, and that the members had expressed their opinions openly and confirmed that they would lead the party to victory in the election.

General Han stated that in order for the party to win it must be led to become a party of the public by having as many public members as possible. The problem is what to do. [It must not be forgotten] that politics is benefits. What are we going to do to make the people benefit from politics or politicians? There is one thing, namely, that we must use politics to solve the hardships of the people. If there are elections at every level from the village chief and up and if there is real security in their lives and for their assets, as we were formerly successful in doing in the south under a policy of amnesty, the people will be happy from earning their living and the state of economy will improve. In the future, the Democratic Party will have a policy of eliminating all the influential black powers because we think that this is an important matter. If the people have hardships, they do not know who to complain to for justice. The people cannot say anything because the black powers are everywhere, along with the making of

unfair laws, such as those written by the Revolutionary Council of years ago. The writer has died but the laws are still enforced. This makes officials exploit this power to increasingly threaten the people more and more.

General Han further stated that in order to solve economic problems, that monopolies must be eliminated. Because we have been in this system all this time, we have been unable to see the deep roots of monopolies, so that the problem of injustice has then arisen.

"We do this because we want a full democracy. When there are MPs, it does not mean that there is democracy. Similar to right now, we have MPs; do we have democracy? No, we are still half a democracy or a dictatorship itself. Full democracy means that sovereignty belongs to the Thai people. The government must come from elections, not like the constitution of 1978 that was written by a dictator so that he could be the prime minister," General Han stated. He stressed that the Democratic Party will do everything this way because it believes that solving the peoples' problems must be done by political parties or politics; if any party does not win the election, it does not have a chance to have political power. Solving national problems at a time when there is a coalition government has therefore been unsuccessful and we have been unable to provide benefits to the people in line with the principles of the Democratic Party. It is vital to strengthen the party and make it become the party of the masses, to allow the public to be members of the party wholeheartedly, and not to be the Democratic Party members and go and vote for other parties in order to receive money from them for voting for them. Consequently, expanding correct ideas is very essential. This is the role of the party branches and party members, who must urgently hurry to implement them. General Han concluded his speech in a pleasant atmosphere of party members, who unanimously agreed with the new party measures. Before the conference adjourned, the chairman of the conference allowed party members to discuss and express their opinions openly. The chairman of the party was criticized. There was sarcastic talk about the party ministers and complaints about the status of party branches and that they were not taken care of, but the conference adjourned favorably that same evening.

12587

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THAILAND

PHICHLAI ON DETAILS OF TRADE TALKS WITH JAPAN

Bangkok NAEON in Thai 27 Dec 84 pp 1, 15

[Article: "'Phichai' Reveals Discussions on Decreasing the Trade Deficit with Japan; Nakasone Accepts Three Areas for Change"]

[Text] "Phichai" has revealed the results of negotiations with Japan and requests for reduction of the burden of the disadvantage in the balance of trade in three areas: trade, investment, and aid. Solutions are to be implemented by Prime Minister Nakasone immediately.

At 17:10 on 26 December a special room was reserved in the Bangkok airport where Mr Phichai Rattakun, deputy minister, returning from a visit to China, North Korea, and Japan, was interviewed by reporters about his trip. He said that during his visit to Japan there were negotiations with the Japanese government. In his status as chairman of the Subcommittee on Reform of Economic Programs on Trade Between Thailand and Japan, he pointed out and asked for cooperation from the Japanese government to solve the problem of trade imbalance in three areas--trade, investment, and Japanese aid--in order to systematically decrease the disadvantage to Japan in the balance of trade. He brought up three proposals from the Thai government approved by the cabinet: 1) to request that Japan open more market opportunities for Thai agricultural products, 2) to call for adjustments in Japanese industrial investment projects in Thailand to emphasize the use of Thai raw materials and make them industries for export, 3) to request changes in certain conditions of our aid from Japan.

Mr Phichai said that on his trip he had opportunities to meet with various important individuals in the government, such as Prime Minister Nakasone, economic ministers of commerce, industry and agriculture, MP's, and people in leading business and industrial circles in Japan. The Japanese government, from the level of the Prime Minister to everyone else, showed very enthusiastic interest in the matter of the balance of trade with Thailand, particularly the news media and MP's and especially concerning the problem of unfairness regarding the deboned chicken that Thailand sells in Japan, where Thailand is taxed more than the United States, on which Japanese newspapers have written articles attacking the Japanese government.

Mr Phichai said that Prime Minister Nakasone was very sincere in the discussions and was very enthusiastic about the proposals for systematic

solutions that people in the Thai government have unanimously voiced. Thailand is the first ASEAN country to seek a solution to the problems in developing economic programs with Japan. The Japanese government has also shown special interest in the economic and political situation of Thailand, as Thailand is a leading force in ASEAN and has the most experience in the trade imbalance with Japan. In any case, we receive more technical and monetary aid from Japan than from any other country, even America, or about 300 million in aid per year.

The deputy minister went on to say that he had explained to Japan that in the five times that Japan has opened its market to ASEAN, and now the sixth, it appears that the past five times ASEAN received only 0.01 percent profit on products it sent to Japan; and before opening the market for the sixth time, the Japanese prime minister understood that there must be more opening to the third world and particularly Thailand and ASEAS. The important problem of the deboned chickens resulted from the farmers who raise chickens in Japan taking the government to task because the prices of chickens in the nations were slowly decreasing as chickens from Thailand and the United States hit the market. He therefore said that Thailand would not say anything if its chicken taxes were the same as the United States, which are now 13.8 percent and next April will decrease to 10 percent, while ours are 18 percent. We tried to point out that although actually this is a small matter, it is a symbol of the sincerity between Thailand and Japan because Thailand sends about 170 million baht in sales a year. If Thailand is taxed at 50 percent, and the United States is also 50 percent, then it does not matter. The Japanese prime minister promised to bring the matter for renewed discussion next April.

In addition, the Japanese prime minister asked about movements of Thai students to boycott Japanese products, and he was told that if students do that because they are patriotic and see the disadvantage of the 50 billion baht trade deficit with Japan, nothing can be done about such protest. In any case, in previous cases where the Japanese market was opened, we benefited more each time because of the lower taxes on many Thai products, such as cold preserved shrimp, squid, and canned pineapple, which decreased from 50 percent to 30 percent. In addition, Japan will buy 20,000 tons of corn from Thailand, which it has not done for 10 years, sending us experts to solve the problem of alphatoxins in corn. We also asked to send fruits, and he answered that they would send experts to see our products first.

Mr Phichai also said that another matter we emphasized is the problem of adjustment of industrial projects in which Japan invests in Thailand, asking that they use Thai things and relay more technology to us and make such projects for exports. He agreed in principle. We also requested that in the administration of Japanese companies in Thailand opportunities be given for Thais to assume high-level administrative posts, which he agreed to discuss. On the matter of aid, in the past the Japanese government has given us aid 21 times of 2 billion U.S. dollars, but it has a regulation that the money must be used to create basic services like roads, which we believe is of no benefit in improving and increasing manufacturing and industry. He replied that in the future part of the money would be released to develop

our small and middle-sized industries for export. Mr Phichai said that we also asked for aid from them toward establishing a national institute, for which the Canadian and American governments have given hundreds of millions. We would like Japan's Chaika Center to help build a structure with a computer center and apparatus, with which he promised to help. Another matter we discussed was past studies, where Japanese investment aid to Thailand was given on the condition that Japan's Chaika do a study first itself, saying that this could not be done any more, or at least Thailand should be allowed to participate in the studies, to which he agreed. On the matter of purchasing Thai rice to send to famine-stricken African countries, he agreed to continue to do this.

Reporters asked whether he was satisfied with the results of these discussions, to which Mr Phichai replied that he was glad that their leaders had an understanding of our problems and that he was glad that we had set up committees to discuss these questions exhaustively and that they were willing to accept our proposals to open the market or concerning reform projects, but he wanted to emphasize the matter of the deboned chickens, which we tried to negotiate fully, but where there were political implications for them because farmers are very influential in elections and therefore cannot be offended.

Reporters asked whether we had set a timetable for solving the problem of the balance of trade. Mr Phichai said that he could not stipulate a time, but in the past the solution to the problem of the balance of trade was sought by asking them to buy more agricultural products, which was really not possible, particularly since their farmers have a lot of influence in elections. How can they help us? Even if they are willing to buy more of our agricultural products it would only decrease the trade deficit a little, by 50 million where the deficit is 40 billion. Therefore the solution to the problem is really in projects to develop Thai industries into export industries using Thai materials.

9937  
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THAILAND

'ROYAL ELEPHANT TURK' GROUPING DISCUSSED

Bangkok SU ANAKHOT in Thai 3-9 Jan 85 pp 22, 23

[Article by "Big Man": "The 'Royal Elephant Turks' and Silence"]

[Text] Throughout 1984, there was much activity within the military. Those involved in these activities included a group of young battalion commanders, the core of whom refer to themselves as "Royal Elephant Turks." The coordinator in forming this group was Col Phiraphong Sanphakphisut, the commander of the 1st Royal Guards Engineers Battalion and the acting deputy commander of the 1st Royal Guards Engineers Regiment. He is close to Gen Athit Kamlangk, the RTA CINC and supreme commander.

These activities, which were characterized by leading and coordinating things with various factions during the times of crisis, particularly among the forces in the First Army Area in the recent past, resulted in the "royal elephant turks" gaining rapid prominence. People began asking, who are the "royal elephant turks" and for whom do they work?

Concerning this, Col Phiraphong Sanphakphisut, the activist and coordinator of this group, once said that his group was different from that of the officers of CRMA [Chulachomklao Royal Military Academy] Class 7. His group was not formed along class or service lines. Rather, all younger classes from CRMA Class 8 to Class 21 are represented in the group.

But now, what has happened to the "royal elephant turks?"

"Nothing has happened to us. We have been quiet because our superiors have asked us to be quiet. There are many people who do not understand our intentions or ideas. They view our activities as the activities of undisciplined soldiers. When our superiors asked us to stop, we did so," said one member of the "royal elephants" group about why the group has been so quiet recently.

This same man also said that even though his group has been quiet and reduced its role, members of the group still get together for a game of golf. Members of this group have played golf together for

many years. But recently, they have been very busy and so have not had much time to play golf.

As for the rumors that the group will disband, this man said that "we have not disbanded the group. As I told you, we are now very busy and so do not have a chance to get together very often. But we do dine together.

"Why would we disband the group? We formed the group with pure intentions in order to form a base for our superiors. Some of our members are close to Prime Minister Prem. Whenever there is a problem, we discuss the matter in order to submit proposals to our superiors."

#### The Power Base of the Activists

This member of the "royal elephants" group said that he did not know anything about the bases of the other people who have joined the group. As for the base of Col Phiraphong, besides being the commander of the 1st Engineers Batallion, he also has friends who command forces in the 1st Engineers Regiment, that is, in the 52nd and 112th engineers batallions.

Besides this, one man who is close to Col Phiraphong said that classmates of Col Phiraphong from CRMA Class 17 command 30 battalions in the army, most of which are in the First Army Area.

Senior officers whom the "royal elephants" respect and from whom they seek advise include Gen Kriangsak Chamanan, the former prime minister, Gen Yot Thephatsadin Na Ayuthaya, the former deputy RTA CINC, and former leaders of CRMA Class 7 who have now left the military.

#### Cancelled Meetings

Ever since members of the "royal elephants" group, dressed in full uniform, had lunch together at noon on 16 August 1984, they have met regularly to play golf on Wednesdays. And every time that they meet for lunch they discuss matters before returning to work.

It is said that a significant event was the cancellation of their meeting scheduled for 7 October 1984. There are rumors that that day, all officers were ordered to go on alert. This was a disappointment to some of the soldiers in the "royal elephants" group.

But on 12 December 1984, the "royal elephants" group was to have a large banquet at the headquarters of the 1st Royal Guards Infantry Regiment, which is commanded by Col Banthit Malaiarisun. It was said that this banquet was to be a major affair. However, this party, too, had to be postponed because on that day, their superior, Gen Athit Kamlangk, was hosting a party for the producers of the army's Meet the People program, and many battalion commanders would be attending

that banquet. Thus, in order to avoid having their party conflict with that of their superior, the "royal elephant turks" postponed their party to 13 December.

After their party, which had been rescheduled for 13 December, was again postponed, the activists of the "royal elephants" group set a new date. They scheduled a golf game and agreed that after the golf game, they would hold a party and invite their wives and children. They agreed to ask Lt Gen Phichit Kunlawanit, the commanding general of the First Army Area, to preside over this party since this group has great respect for Lt Gen Phichit. But this party, which was scheduled for 17 December, had to be postponed, too.

#### Future and Role

As for why all these parties were cancelled, it is not clear whether they were forbidden from holding these parties. But this, together with the fact that the group has been so quiet recently, has resulted in people saying that the "royal elephant" group has now been disbanded or that it is no longer playing any role. Some people have said that "these people like to show off. But they are afraid of being kicked into line."

But one person who is very close to the "royal elephant turks" gave another reason for the recent silence of this group. He said that the group has taken stock of itself and re-evaluated its role. It is trying to be more careful because some senior classes view them as "undisciplined" soldiers.

What is important is that their superiors are looking at their group and at senior classes to see who is playing politics and who are the ones who are out of line. Thus, they have had to warn each other.

As for their relations with superiors, it is said that the "royal elephant turks" are still loyal to the same men and that they will soon pass on their role to members of CRMA Class 8, more than 50 of whom are commanders of regiments and deputy commanders of divisions. And CRMA Class 8 officers are very close to Lt Gen Phichit Kunlawanit, the commanding general of the First Army Area.

Members of CRMA Class 8 are confident that their group will be a strong group and that it will play an important role in the near future.

11943

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THAILAND

EDITORIAL FAULTS SINGAPORE ON SUPPORT FOR CGDK

Bangkok NAEQ NA in Thai 31 Dec 84 p 3

[Text] As the fire of war is raging along the border with Cambodia, and Thai forces have been put on alert to prevent the fire of war from spreading into Thai territory, the trumpet man in the distant support line was blowing the marching tune to stimulate and brave soldiers to move in one line across the board to attack the enemies.

On Friday, the SINGAPORE MONITOR, which supports the government, in its editorial called on the ASEAN countries to provide support in the form of weapons and other materiel to the anti-Vietnamese forces in Cambodia, either collectively or independently.

It went further to the point of proposing that ASEAN themselves "fight the war (in Cambodia)," and not "breathe through the Chinese nose." It reasoned that the Chinese interests and the interests of the ASEAN countries might not be completely mutual.

Last year, the Chinese might have attacked the northern Vietnamese border in order to put pressure on Vietnam and to support the anti-Vietnamese Khmer forces. But this year, the Chinese might not do the same.

Just as the musician is only the "conveyor" of the sad and sorrowful, or the exciting and bravely adventurous, experience of the composer, so the distant trumpet man who is as far away from the combat zone as the tip of the Malay peninsula, where it is safe and warm, should contain itself in its role; only then would it be considered as knowing the time and place appropriate for its role.

True, Singapore is the only country in the ASEAN group that provides the anti-Vietnamese Khmer forces in Cambodia with weapons and mortars; but the money for those weapons is not produced from Singapore's pocket--this everyone knows.

Thailand's and ASEAN's positions are unified, and the means by which to pressure the Vietnamese to withdraw from the occupation of Cambodia--which would be the first step toward peace in the land that has been bloody for so long, and which would create tranquillity at the Thai border--is the diplomatic means, and the pressure from the international circles. These are factors that determine the strategic victory.

Military intervention that increases from the current level will only create confusion, and it will fan the fire of war to spread further. And the first to bear the blunt of the expansion of the war are Thailand and the Thai subjects directly.

No one can tell how much of the petroleum, metal engine parts, clothes, shoes, and plastic products, etc., that Singapore sells to Vietnam each year, which amounts to no less than 3,000 million baht, wound up being supplied to the more than 200,000 Vietnamese troops who are now occupying Cambodia.

Therefore, ASEAN and all peace-loving nations throughout the world must increase political and trade pressure on Vietnam as much as possible, and must do so to produce real effect; this is the first urgent priority.

Not just making a loud noise, and bringing out a trumpet to blow a military marching tune, while quietly hoarding its own benefits from the war trade, as is currently the case.

12282

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THAILAND

ANALYST ON DK ROLE, ASEAN PREFERENCES IN KAMPUCHEA

Bangkok SIAM RAT in Thai 3 Dec 84 p 2

[Article by Chaiwat Yonpiyom: "Cambodia: In What Direction Will It Turn?"]

[Text] The Cambodian war along the eastern Thai border came earlier than normal this year, but the timing has appeared to stabilize over the past 6 years since Vietnam invaded and took over the government of Cambodia, and the longer the prolonged endless war goes on, the greater the necessity for the Khmer or Cambodian problem to be solved through foreign intervention.

Today we will look at the considerations involved in the ultimate solution of the Cambodian problem, which must depend on politics leading the military under the actual circumstances in Cambodia that have arisen from the attempt at outside control.

Today the government controlling Cambodia in Phnom Penh is receiving strong backing from Vietnam, and Vietnam probably still needs to retain hundreds of thousands of soldiers in Cambodia in order to protect its puppet government in Phnom Penh from being easily overthrown.

The Heng Samrin government in Phnom Penh, it is well known, looks to Vietnam and Moscow; and China, which is now Vietnam's enemy, is doing all it can to topple the Heng Samrin government in Phnom Penh and to create a new Cambodian government that China considers friendly to replace it.

In the past China strongly supported the Khmer Rouge movement led by Pol Pot, but destructive behavior toward the Cambodian people under the cruel Pol Pot or Khmer Rouge system of government caused the Khmer Rouge to fall from power and withdraw from Phnom Penh following the Vietnamese military invasion, becoming a guerrilla movement now opposing Vietnam in the countryside and along the Thai border.

ASEAN, which consists of six non-communist countries of Southeast Asia including Thailand, wants a Cambodian government friendly to ASEAN, and preferably the new Phnom Penh government should not be communist. Because of that aim of ASEAN, there have been rumors that the American C.I.A. has put 4 million dollars toward accomplishing this.

In these ambitious goals it appears that the ambitions and desires of the Cambodians themselves are being overlooked.

ASEAN, the United States, Australia, and other countries say that they would like to see Cambodia be able to select its own form of government, but the means to attain this goal could not be agreed upon thus far, and there is hardly a way in sight.

One Western expert has said that he knows for certain and is glad that the Cambodians know what they want for their country, and what they actually want is for Vietnam to remove its troops from Cambodia and to cease interfering with the internal affairs of Cambodia, their homeland. But what evidence is there that if Vietnam withdraws, the Khmer Rouge, with its frightful history of atrocities toward the Cambodian people, will not replace them?

Or, the Cambodians would like guarantees that if Vietnam withdraws, Pol Pot will not be brought back to rule Cambodia again. Otherwise the Cambodians will not wholeheartedly cooperate in the effort to remove Vietnam, who entered in the status of "protector."

These feelings of the Cambodians may be considered a basis for the supposition that a way appears to be opening up to solve the Cambodian problem that will result in peace and independence for the Cambodian people and that the outside influences that have besieged Cambodia will gradually decrease on their own.

In the past, as part of the war of words and on the battlefield with China, Vietnam has said that it could not withdraw its forces from Cambodia until China guarantees that it will no longer invade the northern part of Vietnam in what China likes to call "instruction." Such assertions of the Vietnamese may be a way of showing that Vietnam may use any argument that it considers appropriate to the situation to attain its true goal of remaining in Cambodia.

China (Beijing) may not oppose an agreement of ASEAN or supported by ASEAN to solve the Cambodian problem, because China is well aware that it has very good relations with the ASEAN group. If a plan were submitted or supported by ASEAN relating to the withdrawal of Vietnamese troops from Cambodia, China would be unlikely to hesitate to throw in its support for such a plan. But China may want time to consider any plan to solve the Cambodian problem that does not deal with the revival of the Khmer Rouge in the Phnom Penh government, or at least China will want the assurance that the new Cambodian government after Heng Samrin-Vietnam is ousted will be pro-Beijing as well.

It is understood that there are two other things of great importance in causing future conflict in Cambodia: the economic squeeze in Vietnam and the prevention of Vietnam from gaining status and acting as a convenient tool of leadership for the Soviet Union any longer.

China seems to give greater importance than before to squeezing Vietnam economically, because China thinks this will be sufficient, as can be observed from the recent announcements of the important Chinese leaders including Deng Xiaoping, China's senior statesman.

China claims that Vietnam's stubborn refusal to withdraw its troops from Cambodia at present is benefitting China because Vietnam's power is weakened by the need to send troops to supervise many areas, and an area of concern is opened up on the border with China where China can easily "instruct." But China alone is unlikely to be able to keep Vietnam in check much longer; it needs to rely on cooperation from others.

In one point of view, when Vietnam ought to withdraw from Cambodia depends mostly on the needs of Vietnam and ASEAN. For example, if ASEAN is willing to deny refuge or a route for weapons to support the Cambodian groups opposing Vietnam or disarms the Khmer Rouge when they enter ASEAN territory, China may be forced to support the decision of ASEAN to change the bargaining points for Vietnam's withdrawal from Cambodia, which China has announced must occur by any means.

In conclusion, the effects of these actions would be the loss of influence of Vietnam in the area China has historically believed to be its sphere of influence and the loss of Soviet influence in the area as well.

China may be forced into the position of giving up hope that the Khmer Rouge movement will regain power in Cambodia. And China may have to spend some time making sure that the new government in Phnom Penh, which is not the Khmer Rouge, is in the same camp as China.

Of all the ASEAN countries, Thailand is the most anxious about the Cambodian problem, because Thailand borders that country. Thailand wants very much for Vietnam to withdraw her troops and to see a new government in Phnom Penh. Thailand believes that this can be achieved by establishing a government "for national reconciliation," in which all the formerly hostile Cambodian groups would join together to rule the country following unbiased and just internationally-supervised elections.

Thailand believes that there will still be a future role for the Khmer Rouge in Cambodia without returning to its former status as the entire government. It should be possible for ASEAN to choose a way or alternatives so that the Vietnamese will have to decide to cooperate with ASEAN on whether to retain or withdraw its troops from Cambodia, but there will have to be an end to the threat of power by the Khmer Rouge as well.

In Southeast Asia the belief is sometimes expressed that Thailand and its fellow ASEAN members would be pleased to see the war in Cambodia continue because it presents an opportunity to drain the military strength of Vietnam and their threat in the region. Also, the war means the complete destruction of the Vietnamese economy at present so that the Soviet Union has been pulled in to relieve the heavy economic burden.

It has been said that the Cambodian problem has given ASEAN increased status in international circles that it would not otherwise have and further that Thailand has been the greatest beneficiary in ASEAN, which the Thai government has steadily denied.

Thailand maintains that there must be diplomatic relations again with Cambodia as there were before 1979, because at that time relations of the countries in the Southeast Asian region with the Indochinese countries were good, and there was general support for Vietnam's efforts to reform her country at the end of the war uniting the north and the south. But relations decayed when Vietnam sent troops to support the toppling of the Khmer Rouge government in Cambodia and established its own puppet government in its place.

Thailand says that ASEAN has improved its status in international circles mostly on the basis of economic strength. ASEAN compares itself with Japan and its unyielding, fearless status with no thought to trespass on anyone. Such a secure economy has given Thailand and its ASEAN colleagues prestige and honor in the society of the world.

9937  
CSO: 4207/79

THAILAND

BOT OFFICIAL ON CURRENCY REGULATION CHANGES

Bangkok DAILY NEWS in Thai 8 Dec 84 pp 1, 20

[Article: "Public Allowed 125 Dollars Per Day Starting 7 December"]

[Text] The Bank of Thailand has completely changed all regulations concerning the taking of currency abroad and increased the currency limits to be in line with the provisions [pertaining to] individuals who travel abroad. It has also raised the limits on the amount of currency in accordance with travelers' conditions. And it has also lifted the restrictions on selling foreign currency. The bank disclosed these government and national bank policies for preventing people from running around to purchase foreign currencies on the black market. The new regulations will be effective 7 December.

Mrs Praphaphim Sakoontaphai, director of the Office of the Governor of the Bank of Thailand, announced the new foreign currency exchange regulations for commercial banks. The first point is that the Bank of Thailand is allowing travel expenses to increase to be in line with economic conditions and necessary expenses abroad. It has also announced the raising of the limits on purchases of foreign banknotes and foreign coins to use for expenditures and similar purposes.

Mrs Praphaphim stated that changing the first point, namely, increasing the expense money for traveling abroad, is divided into three categories: the first is for travel for pleasure and personal business. Formerly, \$100 a day was the maximum limit for currency taken out for daily expenses. It has now been increased to a [daily] maximum limit of \$125 or its market rate equivalent.

The second category is for trips on business for an organization or bank or for trade or legal entities that have businesses or factories or are funded abroad. For these kinds of travel, including those persons who travel on official business or work with a governmental body, the maximum limit has been increased from \$140 a day to a daily maximum limit of \$175 or its market rate equivalent.

The third category is for top business executives at the managerial level from the managing director level and up, who previously had additional

daily entertainment expenses limits of \$60. This has now been increased to a maximum of \$75. Considering the increases for all factors, the maximum daily expense for top business executives has been increased from \$200 to \$250.

However, other former restrictions are still in effect, namely, persons are allowed to travel out of the country a maximum of 10 days without visas; they are allowed to carry out \$2,500. And persons are allowed to go abroad 20 days with visas; they are allowed to carry out \$5,000. This circulation is based on actual travel days.

Mrs Praphaphim further disclosed that, in addition, the Bank of Thailand has also specified that restrictions on purchasing foreign banknotes and foreign coins from banks have been lifted. Foreign banknotes and coins will be allowed to be purchased to a maximum \$500 by travelers so they can choose the convenient means for paying expenditures.

As for the kinds of purchases in addition to foreign banknotes, travelers' checks or letters of credit for travelling are allowed to be purchased. They were previously for a maximum \$700, which has been increased to \$875 or its equivalent to the market rate. If the amount exceeds the limit, the buyer must request permission from the Bank of Thailand, on a case by case basis. These regulations will be effective this 7 December.

"This change in regulations is by order of the governor of the Bank of Thailand himself. He does not want travelers to turn to the black market; rather, because he acknowledges that the monetary limits before the adjustment were not appropriate to actual conditions, people who had needs had to turn to the black market. In addition, the purchasing of travelers' checks became a burden to travelers who must be responsible for the additional fees for cashing their travelers' checks abroad. Therefore, changing the regulations does not mean that money can be taken abroad as travelers want to because there are other restrictions that control other parts. The Customs Department is responsible for strictly looking after this matter," Mrs Praphaphim stated.

12587  
CSO: 4207/89

THAILAND

BANKER ON DEVALUATION IMPACT POLICY PROPOSALS

Bangkok LAK THAI in Thai 3 Jan 85 pp 21-23

[Exclusive interview with Dr Amnuay Viravan, former minister of Finance, present president of the executive committee of Bangkok Bank, at his office on the 26th floor of Bangkok Bank on Silom [Road], at 3:00 pm, 24 December 1984]

[Text] [Question] I'd like to ask your opinion as a former minister of Finance and an advisor to Marshal Sarit Thanarat about 1984's economy. I am speaking about past years during which many economic crises occurred, such as rumors of banks or trusts going bankrupt, up to this devaluation of the baht. In the eyes of the people, our economic situation in 1984 was very bad.

[Answer] During 1984 or for 2-3 years, the state of Thailand's economy and the world economy have been weak because this has been a period of adjustment for the world itself, and the economies of many countries have fallen. In general, the unemployment rate has been very high. Therefore, there have been impacts in every country.

As for Thailand, I think some areas might worsen but many areas will improve. For example, 1984 is considered to be a very good year for exports or agricultural production. Agricultural production was more abundant, even though prices were not too good, but it helped farmers earn more income from their products than in the past or at least it did not get worse. Exports provided at least 15 percent income more than 1983's [exports]. If there had not been a devaluation of Thai currency, trade in [terms of] dollars would have increased.

But at the same time, we had problems resulting from the high trade deficit in 1983. This made it necessary for the government to carry out financial policies in a limited fashion. It had to limit the expansion of domestic credit loans due to fear of a higher trade deficit. Implementing these policies caused interest rates to increase, [although] real interest [rates] were not inflated. The prices of goods increased only around 1 percent or 1/2 percent. And interest rates for saving accounts were a high 13 percent, while the interest on loans was 17 percent.

When interest rates are high, it affects business people in general. Investment stopped suddenly; this kind of economic situation helped improve the financial stability of the economy. In solving the problems of maintaining stability, the rate of growth of the economy fell at the same time. In 1984, it was expected that economic growth would reach as high as 6 percent or 5.5 percent. I believe it might not have been that high; Bangkok Bank statistics project that it will be lower than 5 percent. It was a rather low rate of growth compared to the past.

But everything depends on the circles [that we move in]. If other people around us are in trouble, we, too, will be in trouble. Whether or not we will be in less trouble depends on the efficiency of our economy. If we are more clever, than we will be in less trouble. In general, right now performance in economic areas is considered to be average. In other words, not better than in some countries but worse than in others; in general, not too bad.

[Question] There have been a lot of comments that the devaluation of the baht is having a great impact on trade, and is making a lot of various business owners go bankrupt. Some people worry that in the upcoming year of 1985 that the devaluation of the baht will make the revival of trade difficult. What is your opinion?

[Answer] It depends on the type of business, because the devaluation of the baht will help people who trade in the world market, namely, exporters. It will enable them to more easily sell their merchandise at prices competitive with others. Therefore, for those who own an export business or trade in foreign currency, this surely will be more advantageous for them. Those in the tourist industry and exporters of agricultural commodities, together with farmers who produce those crops, will generally be better off than if there had been no currency adjustment. But importers of cars, bicycles, sonic devices, electric appliances and other manufactured products will surely be impacted because these products must be sold at higher prices. If they sell those goods at high prices, then people might not buy the products or at least people will have some reaction and cut out this kind of expense.

[Question] Considering both gains and losses, exports and imports, do you think that the country's situation will be more positive or more negative?

[Answer] While it is not worth analyzing now whether the devaluation of the baht is appropriate or not, or when it was done what was the gain or the loss, we surely cannot just examine the current situation. If we look back many years, [we can see that] the best thing would not be an adjustment or devaluation of our currency because in devaluating the currency in any way, there must be some people who will lose or be jeopardized.

We must consider that it is a need that arises, that if there is no adjustment, there might be disadvantages in other areas. [We must consider that] when it is done, how are we going to maintain balance in the country's economy, whether there will be a lot of losses or minimal losses. [This is] because after a devaluation has been done, if there is no gain in the long

run, then there will be only losses. If after it has been done it creates a lot of gains that outweigh the losses, at least we have solved the problem. To solve the problem means that we must be able to seriously export more goods--agricultural commodities and manufactured commodities--for sale abroad. In short, we would be able to decrease the trade deficit permanently, not only for next year (1985).

Economic analysts in our society itself seem to think that next year the trade deficit will decrease, that the loss or trade deficit must decrease by a billion baht, monetary-wise. At the same time, if we are looking, we should look many years ahead. If the trade deficit decreases only for a year, and then 1986 has an unprecedented trade deficit, then devaluating the baht would not have been advantageous. So it shows that it was a temporary solution.

We must be able to solve the deficit problem permanently, increase the efficiency of our exporting and increase exports continuously. Then the thing that will test our efficiency or our ability in the future will be how long we are able to maintain this stability. If we have to devalue our currency every year or two, then it shows that it has not been a good solution. Currently, we consider the value of our currency to be floating, meaning that we want it to float stably, to be able to maintain the 27 baht level. If our currency is floating and it is at lowest level, it will turn out that the value of our currency will decrease continuously. This means that there is no stability, that we are not able to maintain its stability.

[Question] As a former minister of Finance, do you think that we can compare the measures of the Bank of Thailand in restricting credit loans during Governor Nukul's period with the new measures of Mr Sommai in devaluating the baht? Which measures do you think will be more suitable?

[Answer] The credit loan restriction measures of the Bank of Thailand actually are government measures, not those of the former governor. My understanding is that it was necessary to have them to solve the problems during that period. As for the devaluation of the baht, even if it had been done later, the truth is [that it depended on] the necessity during November. There was consideration of whether the system of linking the baht with the U.S. dollar was appropriate. The government thought the baht should be unlinked.

As for linking the baht with the dollar, which is a strong currency these days, our economy is not like the United States', and the security of our economy is not that great. Therefore, it is impossible for our currency to be as strong as theirs. This is the reason why we should let our currency float. Actually, in theory, we might have let it float on 2 November without any adjustment or devaluation. But certainly, as soon as we floated it, the value of the baht would have moved to its actual market value. It might have floated then, but it would have generated a lot of speculation. Therefore, the float was based on the reasoning that it should be devaluated a little bit and if the devaluation was because of necessities related to the financial state of the country, then it is hard to argue, because when it had become necessary, it was impossible not to devalue.

[Question] How true are rumors that the government has run out of available currency in dollars?

[Answer] I haven't seen the figures about this yet, because it usually takes time to get the figures. But the balance of payments that the Bank of Thailand has announced worries me. At the same time, the figures became significant in September or October or so. Before the beginning of November, there was a large amount of money rolled out abroad or something. During that period money may have been pouring out. This might have made reserve funds decrease tremendously. This matter involves monetary reserve funds, not treasury reserves. How large or small treasury reserves are is an internal national matter. It does not involve the value of the baht. In general, reserve funds have shown a trend to decrease lately. Therefore, it might have been financing requirements. But after the adjustment, money came into the country. It probably came in and regained its former high level.

[Question] I'd like you to summarize your opinions about this coming 1985, domestically and internationally. What are the trends?

[Answer] Trends in the areas that we feel will be successful are in the area of international trade, which shows a growth trend. International trade during 1982-83 was not very good. Actually, there is a trend showing that it will decrease, which would hurt a developing country like Thailand because its merchandise could not be sold. In 1984, international trade grew at a higher rate. In 1985, it is speculated that it will still grow reasonably. This will help our exports not to have too many obstacles like before. Nevertheless, we still have problems, namely in our exports. There are pressures that will obstruct our merchandise, such as the American government's announcing that we subsidize clothing and woven goods commodities, so that they will collect special taxes on [our goods]. When it's like this, it causes problems in promoting Thai exports. And apparently, these are also problems of political disagreements, because when the economies of the developed countries, especially the large ones, are not good, they are not at all sympathetic toward small countries. If they do anything, it's usually not to be as sympathetic as they should be.

[Question] I'd like to squeeze in a little question in the international trade area, where we usually are obstructed. I'd like to ask you further whether we are right now trying to solve the trade problem with Japan. How possible do you think it is [to solve it]?

[Answer] In solving the problem, if we solve it collectively, we will succeed more than [if we attempt to] solve it separately. In gathering all our forces, I mean that the government and private sectors should agree unanimously. And among government bodies themselves--in spite of the multitude of ministries--ministries should consolidate themselves, because in this type of economic system, we must consider that money talks. In calling out for sympathy at the national level as well, they will not listen, whatever we say. We cannot count on sympathy. [If] we don't have anything to give them in exchange, they are less considerate or not

considerate at all. If we negotiate with them with the so-called bargaining power that exists in the entire country and consolidate our forces, we might be able to negotiate better because Thailand is buying quite a lot of their goods. Each ministry purchases goods separately, the private sector, too. If there are bargaining activities in a way that will encourage consolidating all bargaining powers--similar to bamboo sticks in our hand--if they are consolidated together, we will be strong enough to take them on.

[Question] Do you think that students will have a part in helping to put pressure on and weaken Japan [because of] the fact that they have consolidated?

[Answer] I think that whatever the students do will rouse and stimulate Japan to be aware of this matter. It might help. Politically, it is good if a large number of people in the country see that it is a problem; then they will be aware and Japan will pay more attention. At the same time, it is the responsibility of the government, businesses and industries to join together in a significant way. Notice that the American government has a big trade deficit with Japan. Right? The United States has complained all along, but when they negotiate with Japan, why do they not dare to show their anger by banging on the table at Japan? They are too afraid of Japan to do anything, because Japan has high bargaining power when it is united as a whole country. Whenever they bargain with any country, their government and private sectors are all united, namely, Japan is a country with high economic energy. The American government does not dare to do anything to this kind of Japan because of political, economic and many other reasons. Just like me, I think that international energy depends on who can consolidate their forces better than the others.

12587

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THAILAND

RTAF PROTOTYPE TRAINER PLANES DISPLAYED

Bangkok NAEON in Thai 18 Dec 84 pp 1, 2

[Text] The Royal Thai Air Force can now produce its own planes. Test flight display went well. It is disclosed that the 1987 project might be able to produce as many as 47 planes. The commander in chief of the Air Force hopes the U.S. will sell F-16 to Thailand.

In the morning of 17 December at the Don Muang Air Force base, air chief Marshal Praphan Thuphatemi, commander in chief of the Air Force, presided over the test flight display of the two-wing patrol planes Fontainer 400 and 600, which the Thai Royal Air Force, in cooperation with the Rhine Fuksoybow Co of Germany, produced. The flight display today featured the 400 and 600 prototypes.

Group Commander Preecha Wannaphoom said in his description of these types of planes that they were winged planes with two seats, one in front and another in the back. They can transport two sets of bombs underneath their wings. The weight of the bombs under each wing is 450 kilograms. The prototype wing is made of fiberglass. But the RTAF has modified this and used metal instead. The 40 prototype costs 14 million baht while the 600 prototype costs 16 million baht. The wings only, which we have produced on our own, cost one million baht per pair.

Group Commander Preecha said of the two types of planes, of which we have the production right, that many countries have already shown interest. If any ASEAN country is interested, we, jointly with the company in question, will produce these planes for sale. If we do not jointly produce them with the company in question, we would sell our copy right at 7.5 percent per wing, along with an amount of cash for the cost of research, separate from the copy right cost.

Air Chief Marshal Somphon Burutrattanaphan, chief of staff of the Air Force, said that we are currently producing these planes at the rate of one per month; in the future we will increase this to two planes per month. In 1985, we will produce 16 of the planes; 29 planes in 1986; and in 1987, a full quota of 47 planes.

As for Air Chief Marshal Praphan Thuphatemi, he said to reporter about the purchase of F-16 planes from the United States that we hope the United States would sell them to us. That is, in the next 5 years the price will remain the same, at 20 planes, or one squadron, for 422.5 million dollars. Or in seven years, if the price goes up, we will purchase only with the money we have, that is, we might not purchase all 20 planes, but we might reduce the number down to 18 or 12. And it is expected that toward the end of March next year, we will have an answer regarding the purchase of these planes.

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THAILAND

MID-YEAR MILITARY RESHUFFLE, ATHIT EXTENSION DISCUSSED

Bangkok MATICHON SUT SAPPADA in Thai 30 Dec 84 pp 16-18

[Article: "The Mid-Year Military Reshuffle--a Tide Against the Extension?"]

[Text] Before discussing the military situation during the first (April) and second (June) quarters of 1985, which leads to the main military reshuffle in the third quarter (September), we must start with the facts about each sector.

1. Facts about the Office of the Under Secretary of State, Ministry of Defense:

1.1. Gen Chamnan Nilawiset, the under secretary of defense, was born on 2 May 1925. Thus, he must retire in September 1985.

1.2. Ever since 1932, of the 25 under secretaries of state, only 2 (Vice Admiral Luang Yuttha Satkoson and Admiral Chit Sangkhadun) have been navy personnel. The other 23 have all come from the army. In particular, from 1977 to October 1983, when Gen Chamnan became the under secretary of defense, the under secretaries of defense have all been army men who have been promoted from within the Office of the Under Secretary of State, Ministry of Defense, or generals from Supreme Command Headquarters or the army.

Another fact is that Gen Atsani Samutsen, the deputy under secretary of defense who was just appointed to this position in October 1984, was born on 3 February 1924. This means that he, too, is due to retire in September 1985 just like Gen Chamnan Nilawiset.

The question is, must the under secretary of defense come from the army or Supreme Command Headquarters?

2. Facts about Supreme Command Headquarters:

2.1. Gen Athit Kamlangk, the supreme commander, was born on 31 August 1925; Gen Bunnrit Thantharanon, the deputy supreme commander, was born on 23 February 1924; and Gen Pathom Soemsin, the chief of staff officers, was born on 11 October 1924. This shows that all three men are due to retire in September 1985.

The positions of supreme commander, deputy supreme commander and chief of staff officers are positions for full generals who have a field marshal rating and so these positions must be given to people who have already reached the rank of full general.

2.2. The only deputy chief of staff officers who is a full general is Gen Krit Chicharoen, who is due to retire in September 1986.

2.3. The top position, that is, the position of supreme commander, will not become vacant if Gen Athit is granted an extension. But if he is not granted an extension, this position should go to Air Chief Marshal Praphan Thupatemi, who became the RTAF CINC in April 1983. He is senior to Admiral Niphon Sirithon, who became the RTN CINC in October 1984.

As for the position of deputy supreme commander, this is a position for a ful general. But which general will be chosen and whether he will come from Supreme Command Headquarters or the army is not known.

The position of chief of staff officers is another position that has always been reserved for army men. Just as in the case of the under secretary of defense, the question is, which general in Supreme Command Headquarters or the army will be selected?

### 3. Facts about the army:

3.1. In the army, Gen Athit Kamlangek, who was born on 31 August 1925, Gen Thienchai Sirisamphan, who was born on 19 March 1924, Gen Ong-at Suphamat, who was born on 5 Novmeber 1924, and Gen Mana Rattanakoset, who was born on 16 September 1925, are all due to retire in september 1985.

Not only does this mean that four generals are retiring, but four important military positions--RTA CINC, deputy RTA CINC, and two assistant RTA CINC positions--will become vacant.

3.2. Even if Gen Athit Kamlangek is granted an extension as RTA CINC, which would also affect the position of supreme commander, it is not likely that an extension will be granted to Gen Thienchai Sirisamphan, Gen Ong-at Suphamat or Gen Mana Rattanakoset. Thus, at least three full generals will be leaving the army.

3.3. If Gen Athit Kamlangek is granted an extension as RTA CINC and supreme commander, Gen Banchop Bunnak will probably be made chief of staff officers with the rating of field marshal. If not, he would have to be made the deputy RTA CINC.

3.4. If Gen Athit Kamlangek is not granted an extension, Gen Banchop Bunnak's chances of becoming the RTA CINC are very good.

3.5. The problem is that army generals have to be readied for positions not only in the Office of the Under Secretary of State, Ministry of Defense, but also in Supreme Command Headquarters.

4. Facts about the air force:

4.1. In the air force, Air Chief Marshal Chakon Thattanon, who was born on 20 August 1925, Air Chief Marshal Somphon Burutrattanaphan, who was born on 3 April 1925, and Air Chief Marshal Chamlong Punnakiti, who was born on 15 September 1925, are all due to retire in September 1985.

This means that three air chief marshals will leave the air force, and the positions of deputy RTAF CINC, air force chief of staff and assistant RTAF CINC will become vacant.

5. Facts about the navy: The navy is the service with the fewest personnel problems.

6. Interesting aspects of the facts cited above:

What is quite clear is that, regardless of whether or not Gen Athit Kamlangek is granted an extension, it will be necessary to make a major mid-year reshuffle. The important transfers will be made in the army and air force.

The transfers in the army will be made in order to prepare personnel for important positions in the Office of the Under Secretary of State, Ministry of Defense, Supreme Command Headquarters and, most importantly, in the army itself.

In the air force, one purpose of the reshuffle is to assign personnel. But this reshuffle is also similar to that in July 1984. That is, another purpose is to reward certain officers before they retire.

Let's now turn our attention to the important matter of seniority of army lieutenant generals and air force air vice marshals.

7. Army lieutenant generals in order of seniority:

7.1. The following is the order of seniority, with seniority determined by when they were promoted to lieutenant general:

7.1.1. Those promoted to lieutenant general in October 1982: Lt Gen Chawalit Yongchayut, Lt Gen Chuthai Saengthawip, Lt Gen Suraphon Bankitsophon and Lt Gen Charu Chatkanon.

7.1.2. Those promoted to lieutenant general in October 1983: Lt Gen Akhaphon Sombun, Lt Gen Thiep Kromsuriyasak, Lt Gen Kamhaeng Chanthawirat, Lt Gen Wanchai Chitchamnong, Lt Gen Wanchai Ruangtrakun and Lt Gen Sonthi Ketuphan.

7.1.3. Those promoted to lieutenant general in October 1984: Lt Gen Pawatwong Hutasewi, Lt Gen Wichit Wichitsongkhram, Lt Gen Phichit Kunlawanit, Lt Gen Anat Suphatraphan, Lt Gen Phisit Mabut, Lt Gen Charuai Wongsayan, Lt Gen Charat Wongsayan, Lt Gen Sunthon Khongsomphong, Lt Gen Atsanin Thephakham and Lt Gen Singha Sawwaphap.

From this list, Lt Gen Charu Chatkanon and Lt Gen Thiep Kromsuriyasak can be eliminated since they will retire in September 1985.

7.2. Of those who were promoted to this rank in October 1982, the person who holds the position of deputy chief of staff of the army is considered to be the senior person by position. This is because other lieutenant general spots, including the positions of head of a directorate, commanding general of an army area and assistant chief of staff, can be filled by people who have just been promoted from major general. But the position of deputy army chief of staff must go to a person who is already a lieutenant general. Thus, that person is considered to hold the senior position. And normally, he will be promoted to full general.

7.3. The two deputy chiefs of staff of the army are Lt Gen Chawalit Yongchaiyut and Lt Gen Chuthai Saengthawip. Even though both were promoted to lieutenant general in October 1982, the differences between them are as follows:

7.3.1. Lt Gen Chawalit Yongchaiyut was moved up from assistant army chief of staff for operations to deputy army chief of staff in October 1983. On the other hand, Lt Gen Chuthai Saengthawip was still serving as assistant army chief of staff for intelligence, a position that he had held since October 1982.

7.3.2. In October 1984, when Lt Gen Chawalit was entering his second year as deputy army chief of staff, Lt Gen Chuthai Saengthawip was promoted from assistant army chief of staff for intelligence to deputy army chief of staff.

7.4. Lt Gen Suraphon Banksophon was promoted to lieutenant general in October 1982 and made the chief of the Office of Army Comptroller. He held this position until September 1984, when he became the assistant army chief of staff for logistics in October 1984.

From the standpoint of position, this was not a promotion since this position is on the same level as chief of the Office of the Army Comptroller. But in terms of length of time in rank, he is on the same level [as the others].

7.5. The above facts lead to the following possibilities:

7.5.1. It is quite likely that Lt Gen Chawalit Yongchaiyut, Lt Gen Chuthai Saengthawip and Lt Gen Suraphon Banksophon will be promoted to full general in October 1985.

7.5.2. It is quite likely that Lt Gen Chawalit Yongchaiyut will be promoted to general and made the chief of staff of the army.

As for the other two men, one of them will probably become the deputy chief of staff of the army while the other will be the assistant chief of staff.

7.5.3. Of those who were promoted to lieutenant general in October 1983, some have a good chance of being promoted to the vacant assistant army chief of staff position or of moving to Supreme Command Headquarters. Likely people include Lt Gen Akhaphon Somrup and Lt Gen Sonthi Ketuphan.

7.6. Based on this order of seniority among today's lieutenant generals, the only chance that Lt Gen Phichit Kunlawanit has of being promoted to full general [this year] and being made the assistant army chief of staff is if there are intervening political reasons that take precedence over seniority.

However, if Lt Gen Phichit Kunlawanit is not promoted to full general in October 1985, his chances of "overtaking and passing" Lt Gen Chawalit Yongchaiyut will be very slight.

7.7. Regardless of whether or not Gen Athit Kamlangek is granted an extension, as things stand today, the people with the best chance of becoming the RTA CINC in October 1986 include Lt Gen Chawalit Yongchaiyut, Lt Gen Suraphon Bankitsophon, Lt Gen Wanchai Chitchamnong and Lt Gen Phichit Kunlawanit.

## 8. Facts about the air vice marshals:

8.1. The two most senior air vice marshals by virtue of their position as deputy RTAF CINC are Air Vice Marshal Chamnan Phatyothin, who was promoted to air vice marshal in October 1982, and Air Vice Marshal Udom Thanomkunlabut, who was promoted to air vice marshal in October 1983.

Air Vice Marshal Chamnam Phatyothin was made the deputy AF chief of staff in July 1984 while Air Vice Marshal Udom Thanomkunlabut was promoted to this position in October 1984.

8.2. Among the other air vice marshals, although the most senior among them is Air Vice Marshal Wichit Chuangchoti, he is the director of Aeronautical engineering, which is in the service chain, and so it will be very difficult for him to rise to air chief marshal. Thus, he will not be considered here.

8.2.1. Those promoted to air vice marshal in October 1983: Air Vice Marshal Wit Ditsathawisan, the chief of the Office of the the Air Force Comptroller, Air Vice Marshal Prathip Koetnawi, the director of air operations control, and Air Vice Marshal Wathit Holasut, the director of education and training.

8.2.2. Those promoted to air vice marshal in July 1984: Air Vice Marshal Kaset Rotchananin, the assistant air force chief of staff for logistics.

8.2.3. Those promoted to air vice marshal in October 1984: Air Vice Marshal Pruangwit Hongsanan, the assistant air force chief of staff for intelligence, Air Vice Marshal Prayat Distasysin, the commander of Air Force Security, Air Vice Marshal Pradap Phonchat, the assistant air force chief of staff for personnel, Air Vice Marshal Waranarot Aphichari, the assistant air force chief of staff for operations, Air Vice Marshal Somphothi Banyasuk, the commander of the Science and Weapons Development Center, and Air Vice Marshal Narong Dithipheng, the commandant of the High-Level Air Force Institute.

8.3. From this, it can be seen that, unless something unexpected happens during the middle of the year, in October 1985:

8.3.1. Air vice Marshal Chamnan Phatyothin, who was born on 5 October 1926, will definitely be promoted to air chief marshal. He will retire in September 1987.

8.3.2. Even though Air Vice Marshal Udom Thanomkunlabut, who was born on 30 September 1925, will retire in September 1985, it is very likely that he will be promoted to air chief marshal before he retires just as was Air Chief Marshal Prapha Wetchapan in July 1984.

8.3.3. It is quite possible that Air Chief Marshal Thuanthong Yotawut, who was born on 20 June 1927 and who will retire the same year as Air Chief Marshal Praphan Thupatemi, will be made the air force chief of staff in place of Air Chief Marshal Somphon Burutrattanaphan in order to give Air Vice Marshal Udom Thanomkunlabut a chance to be promoted to air chief marshal and serve as the assistant RTAF CINC.

8.3.4. Special attention should be focused on Air Vice Marshal Kaset Rotchananin, who has taken the same path as Air Chief Marshal Praphan Thupatemi. He was made the director of logistics in October 1982 and the assistant air force chief of staff for operations in July 1984.

The next step for Air Vice Marshal Kaset Rotchananin is to replace Air Vice Marshal Udom Thanomkunlabut as deputy air force chief of staff.

8.3.5. Another person worth keeping an eye on is Air Vice Marshal Prayat Ditsayasin, who was born on 12 March 1927. Because he is not due to retire until October 1988, he has a very good chance of becoming the next RTAF CINC.

8.3.6. The future of the air force is in the hands of officers who have all been educated at the Air Force Academy. These officers are now air vice marshals. This includes Air Vice Marshal Kaset Rotchananin and Air Vice Marshal Waranarot Aphichari, both of whom are members of Air Force Academy Class 1.

#### 9. Conclusions and general possibilities:

Regardless of whether or not Gen Athit Kamlangek is granted an extension, a mid-year reshuffle is almost a certainty. This reshuffle will provide strong clues about the future of each service. The reshuffle in April or June will provide a clear image of those now holding top posts in the various services.

**Undersecretaries of State, Ministry of Defense**  
**October 1977 to the present**

Name	Took Position	Previous Position
Gen Pralong Wirapriya	Oct 1977	Army chief of staff
Gen Sittithi Chirarot	Oct 1979	Deputy RTA CINC
Gen Thep Kranloet	Oct 1980	Assistant RTA CINC
Gen Thuanthong Suwannathat	Oct 1981	Deputy chief of staff officers
Gen Chamman Nilawiset	Oct 1983	Deputy under secretary of state

  

Chiefs of Staff Officers		
October 1961 to the present		
Name	Took Position	Previous Position
Air Chief Marshal Thawi Chunlasap	Oct 1961	Deputy chief of staff officers
Gen Surakit Mailap	Oct 1973	Army chief of staff
Gen Kriangsak Chamanan	Oct 1974	Deputy chief of staff officers
Gen Charoen Phongphanit	Oct 1975	Deputy chief of staff officers
Gen Saiyut Koetphon	Oct 1978	Deputy chief of staff officers
Gen Rien Ditsathabanchong	Oct 1981	Attached to the Office of the Supreme Commander
Gen Pamot Thawonchan	Oct 1983	Army chief of staff
Gen Pathom Soemsin	Oct 1984	Assistant RTA CINC

  

Lieutenant Generals in Order of Seniority			
Present Army Officers			
Name	Maj Gen	Lt Gen	Present Position
Lt Gen Chawalit Yongchaiyut (CRMA 1) *	Oct 79	Oct 82	Deputy army chief of staff (1983)
Lt Gen Chuthai Saengthawip (APS 5) *	Oct 78	Oct 82	Deputy army chief of staff (1984)
Lt Gen Suraphon Bankitsophon (APS 5)	Oct 79	Oct 82	Assist army chief of staff, logistics (1984)
Lt Gen Akkhaphon Somrup (APS 5)	Oct 79	Oct 83	Assist army chief of staff, personnel (1983)
Lt Gen Kamhaeng Chanthawirat (APS 5)	Oct 79	Oct 83	Assist army chief of staff, intelligence (1984)
Lt Gen Wanchai Chitchamnong (APS 5)	Oct 80	Oct 83	Commanding gen, Fourth Army Area (1983)

CRMA 1: Chulachomklao Royal Military Academy, Class 1  
 APS 5: Army Preparatory School, Class 5

Lt Gen Sonthi Kettuphan (APS 5)	Oct 81	Oct 83	Commander, "S.B.S."
Lt Gen Wanchai Ruangtrakun (CRMA 1)	Oct 81	Oct 83	Assist army chief of staff, operations (1983)
Lt Gen Pawattanawong Hutasewi (APS 5)	Oct 79	Oct 84	Director of army operations (1984)
Lt Gen Anat Suphatraphan ((APS 3)	Oct 80	Oct 84	Director of ordnance, (1984)
Lt Gen Wichit Wichitsongkhram (APS 7)	Oct 80	Oct 84	Commander, "S.A.W."
Lt Gen Phisit Mabut (APS 6)	Oct 80	Oct 84	Commanding Gen, Second Army Area (1984)
Lt Gen Phichit Kunlawanit (CRMA 2)	Apr 81	Oct 84	Commanding Gen, First Army Area (1984)
Lt Gen Charat Wongsayan (APS 7)	Oct 81	Oct 84	Chief, Office of Army Comptroller (1984)
Lt Gen Charuai Wongsayan (CRMA 1)	Oct 81	Oct 84	Assist army chief of staff, reserve affairs (1984)
Lt Gen Sunthon Khongsomphong (CRMA 1)	Oct 81	Oct 84	Commander, Special Warfare Command (1984)

11943

CSO: 4207/113

MILITARY AFFAIRS AND PUBLIC SECURITY

ROLE OF SELF DEFENSE FORCES IN PRODUCTION, DEFENSE

Hanoi QUAN DOI NHAN DAN in Vietnamese 26 Dec 84 pp 1, 4

[Editorial: "Manifest the Assault Role of the Self-Defense Forces In Protecting Production and Maintaining Order and Security"]

[Text] The factories, cities and industrial zones are important political, economic, cultural, scientific and technical and national defense positions and so they are the targets of the enemy's many-faceted war of destruction. To maintain order and security and protect production, not only must the self-defense forces in the factories, cities and industrial zones be the activists in production, but they must take the lead in opposing the enemy's many-faceted war of destruction.

As a very important element that participates in production, adheres to scientific and technical [principles] and manages the state's materials and equipment and other assets, not only do the self-defense forces have responsibilities, but they must manifest effects in protecting production and maintaining the equipment and materials to prevent breakdowns and losses. Loopholes must be closed to prevent the enemy from exploiting them.

There are large concentrations of people and many domestic and international communications and transportation centers in the factories, cities and industrial zones. Enemies of the revolution often use the loopholes and negative aspects in order to cause trouble and destroy things. Reality shows that the cities, industrial zones and factories that have succeeded in maintaining order and security and protecting production well are places where there is a strong party base and where the self-defense forces have closely monitored the enemy's plots and many-faceted war of destruction, had a lofty concept of vigilance and maintained order well.

Experiences in recent years at the Dong Nam spinning mill in Ho Chi Minh City, the Bach Dang shipyard, Haiphong Port, Danang City and the Viet Tri industrial zone show that in order to oppose the enemy's very clever war of destruction, not only must the self-defense forces have a lofty spirit of collective ownership and concept of vigilance, but they must also have knowledge about military affairs and security

work. They must constantly be given training based on the plans to fight and defend the specified targets. They must develop mobility so that they can react promptly whenever anything unexpected happens.

The self-defense forces in the factories, cities and industrial zones along Route 1 and along the border must be adequately informed of the plans for switching from peacetime to wartime production. They must be ready to fight and not let the enemy launch an unexpected attack. Depending on the characteristics of each site, there must be close ties between the enterprises, strong combat and defense positions must be built, and there must be plans and measures to discover and quickly prosecute those engaged in destroying the economy, waging psychological warfare and carrying on espionage activities.

For many years now, the self-defense forces and the main-force, local, border-defense and public security forces have coordinated the combat and production defense activities well. However, attention must be given to handling cooperative relations between the commanders at each production installation and those in command of the entire sector in a concrete manner. This is the only way to create safe zones around the factories, enterprises and industrial zones.

The self-defense forces in the cities and industrial zones are progressive workers who have been selected and turned into organized forces in order to maintain order and security, protect production and defend the localities. They have constantly manifested their role as the party's and administration's implement of force at the primary level. The self-defense forces are being strengthened in terms of both size and quality. They are effectively manifesting their activist role in production and their assault role in opposing the enemy's many-faceted war of destruction, and they are preparing for combat and will fight to defend the fatherland if war breaks out.

11943

CSO: 4209/191

MILITARY AFFAIRS AND PUBLIC SECURITY

PROVINCIAL OFFICIAL IMPRISONED ON CORRUPTION CHARGES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Nov 84 p 4

[VNA News Release: "Cuu Long Province: Harsh Punishment Handed Down to Several Persons for Abusing Authority and Intentionally Violating Economic and Financial Regulations"]

[Text] The People's Court of Cuu Long Province recently tried Pham Ngoc Bang and his accomplices for the crimes of abusing authority, earning a living illegally, misappropriating socialist property and causing harm to the prestige of the party and the local government.

Pham Ngoc Bang abused his authority as chief of the Housing and Land Management Office of the provincial people's committee for personal gain. He and his accomplices used capital and materials of the state for illegal business purposes. They took materials allocated under the plan and sold them on the market, sold fixed assets and use money earned from a contract to perform repair work for the Construction Lottery Corporation for business purposes. Bang ordered his accomplices to sell the good cement they had and use inferior cement in the construction of 18 projects, as a result of which project quality could not be assured. Bang and his accomplices also tried to bribe a team of inspectors to conceal their crimes.

They had set up a so called "living conditions section," of which Bang was in charge. He also served as cashier and accomplices of his served as warehouse custodian and bookkeeper. In violation of principles, they sold on the outside market scarce products that are managed exclusively by the state.

Pham Ngoc Bang and his accomplices misappropriated socialist property and used capital and materials of the state in an illegal business, thus inflicting losses upon the state amounting to more than 6 million dong. Bang himself caused the state to suffer a loss of 3.2 million dong and 3 ounces of gold.

The People's Court of Cuu Long Province observed: this was an organized economic crime in which many persons participated and which resulted in large losses of socialist property. The court sentenced Pham Ngoc Bang to spend 17 years in prison and pay damages to the state amounting to 3.2 million dong and 3 ounces of gold. His four accomplices were sentenced to serve from 2 to 5 years in prison and pay damages to the state amounting to hundreds of thousands of dong.

7809  
CSO: 4209/201

## PARTY ACTIVITIES AND GOVERNMENT

### WORK OF RECENT CPV CENTRAL COMMITTEE PLENUM REPORTED

Hanoi NHAN DAN in Vietnamese 21 Dec 84 p 1

[ Article: "Seventh Plenum of the CPV Central Committee" ]

[Text] From 11 to 17 December 1984 the 7th Plenum of the CPV Central Committee (5th term) met to discuss the guidelines and tasks of the 1985 socioeconomic plan and the task of building districts and strengthening the district level.

General Secretary Le Duan and other leaders presided over the plenum.

The plenum discussed the implementation of the 1984 state plan and made the following observations: in 1984, natural calamities occurred in almost all parts of the country; the Chinese expansionists were stepping up the war of aggression on the northern border and at the same time actively intensifying their activities in the multifaceted war of destruction; while there still was an imbalance in many aspects of the economy, thanks to the staunch struggle put up by all our party, people and army, we were overcoming serious challenges and continuing to move forward steadily. Our army and people succeeded in further defeating the enemy in their multifaceted war of destruction, maintaining political security, strongly defending the northern border and creating encouraging new progress and changes on the economic front.

Throughout the country, agricultural production continued to develop properly. Industrial production, communications and transportation and capital construction were being developed. There was obvious progress in the task of purchasing and controlling goods. The export value was increasing. The socialist transformation was stepped up, with the new production relationships being consolidated. The socialist commerce was strengthened; the socialist market was managed better in many localities; the scientific and technical work and educational, cultural, public health and social activities all showed some progress.

The outstanding features in the last 6 months of 1984 were the fact that the economic managerial mechanism was for the first time improved in the spirit of the resolution of the 6th Plenum of the CPV Central Committee, production was reorganized and steps were taken to decentralize management and to let basic-level units exercise their production and business control rights. The government adopted many policies and regulations aimed at encouraging production; allowing the appearance of many new factors and many good typical examples in industrial and agricultural production, as well as in distribution and circulation activities, mostly in market transformation and management; and improving and changing the mode of production and business.

The immediate and lasting difficulties in our country's economy resulted from the serious lack of balance in many aspects, the socioeconomic situation being far from stable and steady and the rate of economic development in 1984 being slower than that in the years from 1981 to 1983. Although agricultural production was continuously developed for several years, it was not really very steady; industrial production showed uneven development among various sectors, especially a decline in coal mining. The quality of management of production and business was not very good; labor productivity, quality and efficiency were low; consumption of materials and energy and manufacturing costs of products increased rather than decreased. Market prices and the financial situation were far from stable. The standard of living of the people, mostly of cadres, workers and members of the armed forces, remained poor. The negative aspects in the economy and society were not effectively corrected.

There were reasons, both objective and subjective, behind that situation. The objective reasons were: the managing capacity of the production and business machinery had not kept pace with the needs; the material and technical base of the economy had been small; there had been shortages of materials and natural calamities for many consecutive years; the enemy had been conducting aggressive attacks on the border and sabotage activities within the country. The subjective shortcomings were: bureaucracy, disregard for echelons and conservative tendencies had been overcome too slowly; organizational work and cadres had been showing slow changes; leadership and executive work had remained weak and had failed to satisfy in time the needs of all sectors and localities.

The 7th Plenum of the CPV Central Committee made recommendations as to the guidelines and tasks of the socioeconomic plan in 1985, the last year of the 1981-1985 5-year plan and the one in which, as preparations for the 1986-1990 5-year plan would require, there should be active and strong changes in the socioeconomic situation and the revolutionary mass movement.

In 1985 we must strive to carry out at any cost the four socioeconomic goals and the major norms set by the 5th Party Congress, to bring the economy to a state of stability and development in conformity with the party line and policies and at the same time to urgently proceed with preparing for the next 5-year plan.

The 1985 state plan must show a better understanding of the leadership concept and substance of the work of the 5th Party Congress and the resolutions of the 6th and 7th Plenums of the CPV Central Committee. The main important points are:

Concentrate efforts on the agricultural production front, which is the foremost front, with production of grain and food being the important one. Expand more vigorously the production of consumer goods for domestic and export needs; strengthen the key heavy industrial installations that serve agriculture and the consumer goods-making industry; and ensure the development of the agricultural and industrial structure and make industry play a more and more effective role in stepping up agricultural production and production of consumer and export goods.

Stabilize and further improve the standard of living, first of all the standard of living of cadres, workers and cadres and combatants in the armed forces, which is the first goal, and at the same time strive to further increase accumulation so as to continue building the material and technical base of socialism.

Basically complete fulfillment of the socialist transformation task for agriculture in Nam Bo and for privately-operated industry and commerce throughout the country in appropriate forms and steps; consolidate and strengthen the socialist economic sector. In the socialist transformation activities, adhere to the formula of combining transformation with construction, with the latter being the main concern.

Closely combine economic and national defense matters, and vice versa; fully respond in time to the need for consolidating national defense and security, struggle effectively to thwart the enemy's multifaceted war of destruction, strengthen the northern border provinces and districts in all aspects and be ready to cope with any situation.

Improve the mechanism of management in economic activities, carry out positive policies and measures in order to fully switch to economic accounting and the socialist way of doing business and strongly develop the initiative and creativity of all echelons and sectors, mostly the basic-level units; overcome liberalism, disorganization and indiscipline in economic activities. The regular important standards for evaluating production and business management

activities are productivity, quality, efficiency and mostly accumulation for expanded reproduction and achievement of national industrialization.

Achieve at any cost in 1985 on a nationwide scale fulfillment of the resolution of the 6th Plenum of the CPV Central Committee calling for the state controlling the market; managing in a unified manner grain, strategic materials and other necessary goods; eliminating black-marketing, speculating and smuggling; and resolving in a uniform and steady manner the urgent problems having to do with prices, wages, finance and money.

Renew the planning task. In drafting plans, ensure their realistic and steady qualities, actively exploit four sources of abilities and strive to achieve a high rate of development and greater economic results. Develop self-reliance and strongly arouse the revolutionary movement and collective ownership spirit of the working people, cadres, party members, sectors, localities and basic-level units; mobilize the combined strength of the state and people and encourage basic-level units, localities and sectors to exploit in the most effective manner the potential capabilities in connection with labor, land, occupations, the existing material base, expanded cooperation, economic integration and strengthening of export and import.

Plans must be drafted in the spirit of absolutely practicing thrift, quickly applying scientific and technical progresses, attaching importance to both quantitative and qualitative norms, quickly increasing volume of production and improving the effectiveness of investment, labor productivity and product quality.

About organizing leadership over fulfilling the plans, the plenum pointed out that the Council of Ministers would have to continue and to quickly materialize and regulate the resolutions of the 6th and 7th Plenums of the CPV Central Committee by revising and urgently promulgating a number of economic-management policies and procedures aimed at overcoming bureaucracy and a disregard for echelons, switching to economic accounting and the socialist way of doing business, extending the right of localities and basic-level units to take their own initiative and at the same time ensuring the centralized and unified management by the central administration on a nationwide scale. Take total and strict measures to promote thrift, to fight corruption and waste, to stop and repel the negative aspects in all fields and to strengthen political education and activities for the masses as undertaken by the party to vigorously mobilize their revolutionary movement.

The 7th Plenum of the CPV Central Committee affirmed that, with the spirit and capabilities of the three ownership echelons, with precious experiences acquired in the course of fulfilling the resolution of the 6th Plenum of the CPV Central Committee and the 1984 state plan and with the sense of responsibility

and new efforts of all echelons and sectors to overcome difficulties, to step up production and to improve management, all our party and people are determined to successfully fulfill the 1985 socioeconomic tasks and to create favorable conditions for our country's new economic development in the 1986-1990 5-year plan. This is the way to realistically prepare for the 6th Party Congress and to celebrate the major anniversaries.

The 7th Plenum of the CPV Central Committee also decided about the guidelines and tasks in connection with building districts and strengthening the district level. All echelons and sectors must understand more fully the extremely important and strategically significant role of the district-building task in the socialist construction and defense of the socialist fatherland as a whole. Build at any cost the agriculture-industry or agriculture-forestry and agriculture-fishery-industry economic structure at the district level, with the goals to suit the actual conditions of individual areas -- developing agriculture in a total, centralized and specialized manner while making steps toward the socialist large-scale production; have a rational management mechanism, create the necessary favorable conditions for districts and basic-level units to develop self-reliance, creativity and initiative and be sure to make the district level become both a level to exercise total administrative, economic and social management and also a planning and budgetary level.

Between now and 1990 strive to build more than 400 totally developed districts, first of all the key districts and the ones that hold important economic and national defense positions in order to achieve the above-mentioned goal. Continue to step up drafting and supplementing district plans, organizing production and assigning level of authority and work to districts; step up consolidating and gradually perfecting the production relationships; step up distribution and circulation and properly carry out transformation and control of market in districts; draft plans by starting from basic-level units to ensure the right of the latter to have their own initiative in production and business; strengthen and build military and security fortresses in districts, build strong district party organizations, perfect their machinery and strengthen the ranks of cadres in districts.

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CSO: 4209/168

## PARTY ACTIVITIES AND GOVERNMENT

### HO CHI MINH CITY ACTS TO BUILD PARTY RANKS IN SMALL INDUSTRY

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 30 Nov 84 p 1, 2

[Article: "Concern for the Building of Political Forces Within the Small Industry and Handicraft Sector"]

[Text] Since the start of the year, the small industry and handicraft sector of Ho Chi Minh City has undergone positive changes in its work of developing its political forces. Since the first sector-wide congress (April, 1984), the number of party members has more than doubled. Of the 374 cooperatives, 167 have party members, 152 have a party chapter and 250 have a Communist Youth Union chapter. Practically all of the cooperatives that have party members or a party or Youth Union organization have developed their production well and fully comply with the regulations of the state on product quality and the delivery of products.

However, existing political forces do not meet the necessary requirements of a production sector that employs nearly 200,000 workers and accounts for nearly 60 percent of the value of the city's industrial output. The city party committee has decided that committees be established to guide the building of political forces within the small industry and handicraft sector. To date, 10 precincts and districts have established these guidance committees. Between now and the end of 1985, under the target of bringing 70 percent of handicraftsmen into cooperatives, 20 to 30 percent of which are high level cooperatives, the city will intensify the teaching of politics and ideology within cooperatives, within production cooperative teams and among private handicraftsmen in order to strengthen the mass organizations within the sector and insure that all cooperatives and the majority of production cooperative teams have activist party members.

The Industrial Department, the city party committee and the City Association of Cooperatives recently held an exchange of experience concerning the work of building political forces within the small industry and handicraft sector. The 3rd Precinct, Tan Binh District, the 19th Subward of the 5th Precinct and the Phu Hoa Brick Cooperative in Cu Chi reported on their experiences, emphasizing the importance of making a constant effort to increase the handicraftsman's understanding of socialism, the struggle between socialism and capitalism, labor and exploitation, revolutionary tradition, the need to live and work in accordance with the ethics of the working class, etc. In

their work of building political forces, many precincts and districts have invited retired party members to assist them by organizing political studies for cooperatives and cooperative teams, cultivating the awareness of outstanding persons who are eligible for acceptance into the party and guiding them through the procedures they must complete. The City Association of Cooperatives and the districts have made the building of political forces one of the standards by which the quality of cooperatives is measured and have organized the training of political forces for the key positions within cooperatives and for the position of production section chief. Some subwards have boldly sent party members who are subward cadres down to participate in production at cooperatives in order to build the political forces on the basic level.

7809

CSO: 4209/207

PARTY ACTIVITIES AND GOVERNMENT

COUNCIL RESOLUTION ON IMPROVING CAPITAL CONSTRUCTION MANAGEMENT

Hanoi NHAN DAN in Vietnamese 31 Dec 84 pp 1, 2

[Text of Council of Ministers' Resolution on Capital Construction]

[Text] [Editor's note:] In execution of the resolution of the Sixth Plenum of the VCP Central Committee (Session V) on 15 December 1984, the Council of Ministers has issued Resolution No 166-HDBT on improving management of capital construction. From 27 to 28 December 1984, the State Capital Construction Committee, in cooperation with the office of the Council of Ministers, organized a meeting of the comrades in charge of capital construction of a number of ministries and the comrade leaders of province and city capital construction committees in the whole country to disseminate the resolution and to discuss draft memoranda providing guidance for its execution. Following is the text of the Council of Ministers' resolution.

In execution of the resolution of the Sixth Plenum of the VCP Central Committee (Session V), the Council of Ministers has made the following decisions pertaining to capital construction:

I. Reassignment of Forces and Reorganization of Production in Capital Construction

A. Reassignment of Capital Construction Forces:

1. The reassignment of capital construction forces aims at synchronizing development, stabilizing construction capabilities, and ensuring a balance between construction needs and capabilities in the economic zones and the economic sectors with priority to key state projects and key areas.

2. The reassignment of construction forces should:

a) Make a step forward in the centralization and specialization of construction and installation tasks, and consolidate key specialized construction sectors in ministries and general departments: construction, transportation, post and telecommunications, water conservancy, mines and coal, electricity, petroleum and gas, forestry, agriculture and national defense. The

other ministries and general departments shall retain only a sufficient force to handle small constructions and repairs and certain special needs. Any ministry or general department needing additional specialized construction forces should secure permission from the chairman of the Council of Ministers. Ministries, general departments, provinces and cities shall appropriately assign their specialized and local construction forces. The State Planning Commission and the State Capital Construction Commission shall provide guidance and assistance to sectors and localities in that assignment of forces.

b) Based on urban and rural development projects and plans and under the directives of ministries and of the general department of specialized construction management, provinces and cities shall be in charge of construction in the areas of housing, projects for civilian use, industry, transportation, water conservancy, agriculture, forestry, fishery and local infrastructure projects or infrastructure projects entrusted by agencies of the central government. State-operated construction and installation forces located in provinces and districts should be adequately developed, with a focus on those assigned to areas having great needs but lacking [construction] forces.

3. Reassign construction forces in the collective economic areas in conjunction with the socialist reform of private construction forces, and strengthen the leadership role of state-operated construction and installation forces.

#### B. Reorganization of Production

1. The reorganization of production should address the following requirements:

a) Develop the role of labor primary organizations and collectives in the management and efficient use of assigned properties. Those organizations must unceasingly improve their techniques and production systems, adequately implement regulated norms, increase labor productivity, bring down the cost of construction and installation, increase quality, and make projects operational on time.

b) Determine the appropriate capabilities of each specialized and local construction and installation unit. Strengthen and develop a number of organizations specialized in special construction and installation projects. Consolidate construction and installation organizations and turn them into strong socialist production units.

c) Decrease intermediaries, implement a two- or three-level management system, improve the cooperation and connection between infrastructure units.

d) On the basis of projects of areas, stabilize activity areas, stabilize the organization and the lives of workers and employees of construction and installation units.

## 2. Forms of production organization in the construction sector.

a) In the state sector, basic units are state-operated economic organizations and joint state-private enterprises having the status of juridical persons and operating under the system of economic accounting. Those units include:

--construction survey enterprises and companies;

--construction project planning enterprises and institutes;

--construction works enterprises and institutes;

--construction and installation enterprises, companies and joint enterprises;

--supply and transportation enterprises and companies specialized in construction.

Joint enterprises may be set up for construction and installation projects.

In coordination with related sectors and with lead ministries, the State Capital Construction Commission shall study the forms of organization and the management structure for those units which engage in both production and capital construction in the Rubber General Department, the Ministry of Forestry, the Ministry of Food Industry, and the Ministry of Agriculture.

b) In the collective sector, basic units are the construction collectives that are registered.

## 3. Consolidation of construction units.

### a) Construction and installation organization.

--In the years ahead, consolidate the organization and complete technical equipment to synchronize the capabilities of the following crucial specialized construction and installation units: [projects for] industry and civilian use, transportation, water conservancy, mines and coal, power lines and transformation stations, petroleum and gas, post and telecommunications, agriculture and forestry.

--Develop a direct relationship between units by various forms of connection and cooperation through economic contracts. Try to form cooperation teams for survey, planning, construction and installation, supply, and transportation to serve construction projects in areas with high demands.

--In province and city areas, specialized construction and installation companies may be established to avoid dispersion [of construction forces]. In cities and centralized construction areas, joint companies or enterprises to build housing facilities, enterprises or companies to the foundation level and joint companies or enterprises to build technical infrastructure works, should be organized.

--In district areas, construction and installation enterprises which may be complete or noncomplete (possessing only a management nucleus and a small number of skilled workers and using local cooperative forces and contracted labor) can be organized according to prevailing local conditions.

--Reassign construction and installation agencies under the Ministry of National Defense in order to enable them to handle defense projects and to participate in economic projects through contracts.

--The Central Institute for Economic Management Studies shall cooperate with the State Capital Construction Commission and the construction and installation lead ministries to recommend a model of infrastructure unit to be employed in different sectors and to test the integration of science and production in capital construction.

b) Organization and management of construction survey:

--Consolidate survey companies and enterprises of the Ministries of Construction, Transportation, Water Conservancy. Survey forces of these three ministries should be assigned tasks in a cooperative and integrated manner in each area in order to avoid duplication. Their capabilities should be used to the fullest extent to apply new techniques, and to use their common experimental agencies in order to meet the survey needs of sectors and localities in the assigned areas.

--Consolidate and adequately develop survey forces of the various sectors: national defense, agriculture, electricity, coal, petroleum and gas, and metallurgy in order to integrate construction and production surveys.

--The State Capital Construction Commission shall issue regulations governing the management of foreign survey forces operating in Vietnamese territory.

--The State Capital Construction Commission shall unify the management of survey and survey documents. In conjunction with related agencies, it shall draw maps for topography, geology, works, hydrography, weather and construction as soon as possible.

c) Organization and management of project planning:

--Consolidate the planning institutes of the Ministries of Construction and National Defense in order to enable them to plan the majority of their specialized construction projects.

--Concentrate planning and planning management of all transportation projects in the Ministry of Transportation; of all water conservancy projects in the Ministry of Water Conservancy; and of all projects for civilian use in the Ministry of Construction.

--The Ministries of Economy, Culture, and Social Services are authorized to retain civilian planning forces necessary to their repair, restoration and remodeling planning; to call bids for planning tasks; and to appraise planning tasks with the agreement of the Ministry of Construction.

--Government agencies and groups having no juridical person status cannot accept planning bids. Scientific and technical agencies can provide planning services only when registered in the correct specialization and able to ascertain that they possess the organization to do the job.

--In each province and city, planning institutes or enterprises for important sectors (industry, projects for civilian use, transportation, water conservancy) may be organized according to prevailing local conditions. These planning organizations shall be responsible for the various specialized construction projects of the localities and placed under the management of the lead specialized ministry.

Use in the best manner possible and provide tight management for the private planning forces in the south, gradually attracting them into state-operated planning organizations.

--Step up the standardization [of planning], disseminate planning models and samples, and apply S&T progress in the planning domain. Special plans should be reviewed and approved according to procedures. Projects that are to conform to planning samples or bound to use planning samples shall be listed on the list of approved S&T themes.

The State Capital Construction Commission shall study and formulate a set of statutes and a system of review and management for all planning activities. It shall submit this recommendation to the Standing Committee of the Council of Ministers for promulgation in the shortest time possible.

d) Reassignment of construction machinery, vehicles, machines, construction equipment and construction industrial installations.

--Reassign available means and the management element in charge of vehicles, machines and construction equipment in ministries with substantial availabilities such as Ministry of Construction, Ministry of Water Conservancy, Ministry of Transportation, in each area; encourage cooperation and coordination between these forces in each area. Organize a network of maintenance, repair and production of accessories in order to achieve the highest productivity from the equipment on hand. Reinforce the management element of vehicles, machines and construction equipment in provinces and cities having a substantial amount of those means on hand.

--The State Capital Construction Commission shall be the lead agency in a coordinated effort with specialized sectors to revise, complete or promulgate economic and technical norms pertaining to the use of machines, procedures and prices for machine rentals. [Efforts should be made] to prevent keeping the machines idle while other units are in need of them.

--In terms of division of labor in construction and installation, ministries and localities shall formulate their plans for the assignment of vehicles, machines, construction equipment and tools so that the integration of machines and manual labor, the use to the fullest extent of local labor, and the respect of small machines, improved and normal tools, shall be achieved.

--The development of construction industrial installations should be in conformance with construction plans, appropriate to the construction technical level, and in accordance with high-volume construction and installation requirements.

In the 1986-1990 5-year plan, [we shall] strengthen and develop construction industrial clusters in areas having good development potential and high demands. In the immediate future, [we shall] pay attention to areas having relatively developed industrial installations and high demands in housing and production services such as Hanoi, Ho Chi Minh City, Haiphong, Quang Ninh, Quang Nam-Da Nang, Dong Nai and Vung Tau.

e) Improving the organization and management of supply of equipment, technical material supplies, and construction materials.

--Ministries shall be responsible for the supply of equipment, technical material supplies and construction materials for capital construction. They shall take care of sources of supplies in order to ensure that supply targets regulated by law shall be met and directed in first priority to state key projects. In the meantime, they shall make sure that enough material supplies and construction materials address the needs of construction for the collectives and the people.

--Encourage construction and installation organizations to produce and save material supplies and construction materials to meet construction plans. Organizations shall receive bonuses for the amount of material supplies and materials saved calculated on the basis of state prices.

--As determined by economic contracts, supply organizations shall be responsible for providing consumers the kinds of equipment, technical material supplies and construction materials in strict conformance with contracted quantity, specifications, quality, time, state prices, at points of delivery determined for each area in order to decrease transportation expenses. Weighing, measuring and counting shall be made at shipping and receiving places.

--The State Planning Commission, in coordination with supply-ministries, shall study and submit an appropriate plan for the storage of material supplies and construction materials for construction organizations.

The Ministry of Material Supplies, in coordination with the Ministry of Construction and other related ministries, shall study the connection between supply organizations to set up supply centers. In 1985, it shall use a test point to try a synchronized supply method to the bases of projects in order to learn from experience and gradually spread the method to other projects.

--Ministers, chairmen of the people's committees of provinces, cities, special zones directly under the jurisdiction of the central government, and directors of construction and installation organizations have the authority to move construction equipment, technical material supplies and construction materials between their own projects with the express condition that such moving shall not adversely affect projects' progress in the annual plan and that the investment and construction bank be notified of the moving. Any transfer of construction equipment, technical material supplies and construction materials accounted for on the general equipment list must have the consent of the investor and be approved by the chairman of the Council of Ministers.

--Supply organizations shall make construction organizations regularly aware of the types, specifications, quantities and prices of material supplies and materials on hand.

--Make final statements of material supplies and construction material each year, for each project.

--In cooperation with the Ministry of Material Supplies and the Ministry of Construction, the Central Institute for Economic Management shall take the lead in the continuation of the study of the improvement of procedures and organization for the supply of equipment, technical material supplies and construction materials in order to eliminate intermediary levels, to avoid duplication and to serve construction well.

f) Reassignment and strengthening of the management of construction cooperatives.

--In recent years, construction forces in the collective economic area have gone through rapid development but their management has not been tight enough and their use was not appropriate. Local people's committees need to improve the organization and strengthen the management of construction collectives, eliminate phony collectives and "cai dau dai" and in the meantime, reform construction contractors.

Professional construction collectives meeting the requirement as economic organizations having the status of juridical persons, are authorized to accept bids directly from investors for simple projects [and/or] to subcontract for each part of projects or engineering items in projects contracted by state-operated construction and installation organizations.

--Guidance provided to each variety of construction and reformed collectives, and the use of private contractors, are the responsibility of provincial and city people's committees under the unified management of the lead ministry and general state regulations.

## II. Improving the System of Calling and Accepting Bids for Construction and Installation

1. Construction projects must go through [a system of] calling and accepting bids for construction and installation.

Bid callers are investors of construction projects. Contractors are construction and installation organizations having the status of juridical persons and implementing a system of economic accounting.

According to technical characteristics and the scale of the projects, calls for bids may be used.

Investors and contractors may choose to agree on the appropriate form of calling and accepting bids. They are encouraged to use the form of construction-installation general contract for production projects and construction general contract for projects destined for civilian use and housing projects. Investors can contract out the construction of whole projects or engineering items to construction and installation organizations; general contractors can contract out engineering items to subcontractors.

2. General contractors can subcontract to specialized construction and installation organizations. Administrative expenses incurred to general contractors are determined by the State Capital Construction Commission.

3. For important projects, when the economic and technical theme is established and reviewed, terms for general construction and installation bidding should be set forth. Investors and general contractors shall agree in advance on issues pertaining to construction preparation, purchase of material supplies and construction equipment.

4. General contractors (or main contractors) of construction and installation projects, as authorized by investors, shall be responsible for receiving and transporting equipment and material supplies delivered for the whole project, from the port to the projects. Responsibilities of investors and general contractors (or main contractors) of construction and installation projects vis-a-vis material supplies and construction equipment as well as with material supplies, industrial equipment and miscellaneous equipment for production, are clearly defined in the statutes for bid calling and accepting for construction and installation.

5. Construction and installation of the project can begin only after the construction and installation contract is signed by the investor and the construction and installation contractor on the basis of the state plan.

6. The construction and installation contractor has the right to refuse to sign the construction and installation contract if the investor cannot give the proper guarantees. When the contract is signed and construction starts short of proper guarantees, the investor must pay for the expenses incurred because of that reason.

7. Material responsibilities, obligations and rights of bid callers and contractors are clearly defined in the statutes of bids calling and accepting for construction and installation.

### III. Improving Capital Construction Planning

1. The state investment plan for capital construction includes investments covered by capital derived from the central budget and those covered by capital derived from local budgets or capital raised by organizations. All investment sources for capital construction must be balanced and reflected in the capital construction plans of the localities, of the sectors and in the overall economic plan. The regulated norms of the state plan have a regulating nature for all parties concerned: investors and organizations accepting bids for survey, planning, construction and installation, supply of material supplies and transportation. Those regulated norms are the basis for construction and installation contracts. Insert in the annual construction and installation plan only those projects that have an approved estimated budget or an estimated budget based on the construction blueprints belonging to the annual total amount of construction projects.

Key state projects should be classified per socioeconomic objectives. The State Planning Commission shall tailor the implementation of key projects. Local projects invested by resources from local budgets or by capital raised by the people should be registered with the State Planning Commission and the responsible ministry with regard to the investment objective and meanwhile, finances and banking agencies of the same level should be informed.

The State Planning Commission shall consider orders of priority in order to tailor the implementation of local budget projects.

2. The investor is responsible for the efficiency of the investment. Investments for new projects or for expansion shall be made only when the existing facilities have reached their optimum use. Investment plans should be balanced and synchronized, ensuring construction progress, rapidly bringing projects to their operational phase, and developing planning power.

3. Achieve close cooperation between construction forces in each area and each large project. All cooperative activities must be written in the participants' plans and inserted in the economic contracts.

4. The construction and installation plan should be worked out from the grassroots, and balancing the labor forces, material supplies and transportation against the planned amount of construction and installation projects on the basis of the optimum use of the four sources of capabilities. The plan must reflect in kind as well as financial contributions.

5. The management agency directly supervising the construction and installation organization gives the latter guidance information in the second quarter of the previous year; based on this guidance, in the third quarter of the previous year, the organization studies the exploitable resources, prepares itself to sign contracts and formulates a draft plan for the coming year. The

management agency shall review the plan and formally give the organization the regulated norms in December of the previous year as the latest.

In the course of the implementation of the plan, the organization may make alterations or additions to the original plan and so inform the management agency. If the organization, after taking all possible corrective measures, is still unable to meet the regulated norms because of objective circumstances, it shall report the situation to the management agency and request necessary adjustments at the beginning of the third quarter of the year of the plan.

After the plan has been given, if the giving agency deems it necessary to make changes, it must discuss those changes with the organization and ensure that appropriate means be allocated.

The head ministry in charge of investments shall entrust the plan to the investor in the same time frame.

6. The capital construction plan should be formulated so as to synchronize the activities of the four elements: survey, planning, construction/installation, and supply of material supplies and construction materials. Make sure that the preinvestment plan (including the construction project, construction survey, establishment of the economic/technical theme, and project planning) be formulated before the construction/installation actually starts. Put an end to the practice of construction without economic/technical theme and estimated budget. The State Planning Commission shall establish a system of annual construction/installation planning and implementation in order to continue construction projects in the dry season.

7. The system of regulated norms:

a) Allotments to investors:

--Total quota of actual invested capital (broken down to equipment capital and construction/installation capital).

--Production capabilities freshly mobilized and newest appreciation of fixed assets (including freshly mobilized capabilities belonging to key projects).

b) Allotments to state-operated construction and installation organizations and joint state-private enterprises.

--The value of actual construction/installation work shall be paid up, including the values of projects and parts of projects that are completed and delivered.

--Lists of projects and items completed and delivered should be consistent with quality norms determined in the plan.

--Reductions in cost of over 1,000 dong per value of construction/installation items completed shall be paid up.

--Interest and items payable to [the government] budget.

--Critical material supplies provided by the state.

c) Encourage construction organizations, upon completion of regulated plans, to use to the fullest extent their capabilities to do additional construction projects with their own resources of material supplies, or with supplies saved from economic contracts with investors. In terms of these additional construction projects, the above-mentioned norms shall be used as a guide.

Besides, supervising management agencies shall provide other guidance in the form of norms such as application of S&T progress, level of increase of labor output, level of decrease of material supplies consumption, and project quality.

The General Department of Statistics shall assist in the computation of labor output in construction and installation.

d) The following shall be done in accordance with Resolution No 156-HDBT dated 30 November 1984 of the Council of Ministers pertaining to "certain aspects of improving the management of state-operated industry": Protection and acceptance of plans, completion review and final statement of plans, and quality assurance of plans given to base organizations.

8. Formulate plans to develop construction/installation capabilities and the capabilities of material/technical organizations in the construction sector under the criteria, integrate machines with manual labor, optimum use of labor and equipment on hand, good production of accessories, and ensure repair. On that basis, plan to receive additional construction machines to complete fleets on hand, to standardize the capabilities of construction machines, and to learn new techniques.

#### IV. Implementation of a System of Economic Accounting

##### A. The Needs in Economic Accounting

Economic accounting is the weakest link in the capital construction chain. It is still beset with persistent formalism. Some projects are unable to calculate accurate cost or to make a final statement.

There is, therefore, an urgent need to have economic accounting pervade basic units in capital construction in order:

1. To ensure the enterprise's financial autonomy under the unified management of the state; to ensure business income to compensate production expenditures and to make a profit; [businesses are] encouraged by material incentives and should therefore be made responsible for their activities; production and trade activities are governed by money.

2. To provide gradual and complete bookkeeping to charge all production expenses to construction cost.

3. To strictly carry out state economic and technical norms, state accounting systems, the ledger system, the state system of inspection and appraisal, and the system of final statement for finances and material supplies.

4. To step up economic accounting at the group level to include material supplies, vehicles, machines, labor, wages and other expenses, accounting; to achieve accounting for each labor group and individual, including accounting of results obtained in the implementation of norms, in product contracting and in task contracting.

5. To allow a regular analysis of economic activities at base units and groups, to compare [results] with targets, economic and technical norms, and the economic and financial management systems. Analysis and comparison shall focus on all three domains: productivity, quality, and efficiency.

B. To Address the Above-Mentioned Needs, the Following Must Be Done Well:

1. Determine the average, progressive economic/technical norms in capital construction. The State Capital Construction Commission and related agencies shall be vested with the authority to revise, complete and promulgate a system of integrated economic/technical norms in capital construction in 1985 in accordance with the state's unified system.

Head ministries should accomplish a good set of economic/technical norms whose foundation shall be an appropriate production organization, the application of technical progress and the strict application of the principle of economy in the use of machines, equipment, material supplies, and labor.

2. Gradually charge all production expenses to the construction/installation estimated cost.

a) Depreciation of fixed assets of the construction organizations:

--In 1985, the Ministry of Finance and related sectors, in cooperation with head ministries in construction/installation shall make the inventory and reevaluation of fixed assets of construction organizations.

--Determine the allowed initial fixed assets of those organizations in function of their appropriate scale.

--The Ministry of Finance and related sectors shall study and correct the system of depreciation allowances (including capital depreciation and major repair depreciation) to be inserted in construction/installation estimated cost.

--In the immediate future, step up the transfer of vehicles, machines, construction equipment and backup workshops received as general equipment to the status of fixed assets of the construction/installation organization; provide accounting and liquidation for those vehicles, machines and construction equipment already moved to other units.

b) Price lists of material supplies and construction materials to be charged to the estimated cost shall be determined per sources of supply in the following manner:

--Material supplies and materials provided by the state shall use leading prices decided by authorized price management agencies. If leading prices are not available, use temporary prices suggested by material supplies and material supply agencies in conformance with price management rules.

--Material supplies and material procured by construction/installation units through joint enterprise or partnership: if they fall into the categories of important material supplies and material uniformly managed by the state, use state leading prices; if they are traded on consent, use real purchase prices in the framework of price lists decided by authorized agencies.

The State Commodity Price Commission shall determine the prices of material delivered to the base of projects. The Ministry of Construction and other specialized construction ministries shall study the creation of a construction material supply center (Construction Material Supply) to create conditions to bring materials to project bases.

c) Keep complete bookkeeping of wages to be charged to the estimated construction/installation cost.

d) The State Capital Construction Commission shall determine the ratio of miscellaneous construction expenses to reimburse necessary and reasonable expenses in this time of price fluctuations.

3. Establish a good construction/installation estimated budget.

a) Based on regulations, standards, norms, and unified price lists, planning organizations have the responsibility to establish a correct construction/installation estimated budget.

If the construction/installation organization takes the initiative to alter the plan, to substitute for rare materials without adversely affecting the technical requirements, quality and progress of the project and if such change is approved by the planning agency and the investor, it is entitled to earn the money saved.

b) The bid-accepting organization has the right to review the estimated budget with the investor before signing the acceptance of contract, if he agrees with the blueprint and organization established by the planning agency.

c) The investor has the responsibility to provide the bid-accepting organization, 2 months before the signing of the construction/installation contract, the following documents:

--The plan and estimated budget of the entire project whose construction shall not exceed 1 year, or the plan and estimated budget for

the total amount of construction/installation tasks for the year of the plan, if the project is constructed in several years.

--The lists of material supplies and equipment furnished by the investor.

d) Head ministries in charge of construction/installation shall, with the consent of the Ministry of Finance, the General Department of Statistics and the National Bank, study and promulgate procedures to reimburse for the amount of construction/installation completed. Those procedures shall serve as a basis for the payment of complex projects that need several years of construction.

e) Changes to the construction/installation estimated budget are permitted only in the following situations:

--Changes in prices and wages made by the state.

--Changes of sources of supply of material supplies and material (with written notification of the supply organization and acknowledged by an authorized agency).

--Changes of price ranges affecting material supplies and material purchased on price consent.

--Changes in the plan.

f) In case of unstabilized production conditions, if expenses incur unexpectedly, the construction/installation and the investor shall agree to alter the estimated budget within the limits of the reserves of the construction/installation estimated budget. In cooperation with the State Capital Construction Commission, the State Commodity Price Commission shall establish nomenclature lists and classification of material supplies and construction material and shall designate authorized agencies to announce the prices of those commodities. The State Capital Construction Commission shall provide instructions pertaining to procedures to make changes to estimated budgets and to use reserve capital itemized in the construction/installation estimated budget.

## V. Improving Some Economic, Financial Policies

### 1. Finances:

In order to respect the financial autonomy of construction/installation organizations, the Ministry of Finance shall make changes to a number of policies pertaining to capital, namely:

#### a) Mobile capital:

--Base units shall be provided 50 percent of their targeted mobile capital by the state; in addition, bank loans may be sought.

--Base units are permitted to divert part of their production development fund to their mobile capital.

b) Raised capital:

Base units may establish and expand their raised capital from the following sources:

--capital appropriated by the budget per applicable policies;

--production development fund;

--allowances for capital depreciation retained by enterprises (including also allowances for capital depreciation of fixed assets that are entirely depreciated but still participate in production, fixed assets acquired with raised capital or with bank loans);

--other sources of income determined by government policies.

Raised capital from a previous year and transferred to the following year may not be turned in to the government budget.

c) Raised capital earmarked for the construction/installation unit's capital construction investment includes:

--retained allowances for capital depreciation;

--part of the fund for the encouragement of production development;

--part of the welfare fund.

This capital should be placed in an investment and construction bank account. The bank should create favorable conditions to facilitate the unit's withdrawals.

2. Credit:

a) Interest payment for bank loans used as mobile capital: if the project is completed on time, the interest generated by bank loans used as mobile capital shall be charged to the construction/installation estimated budget; if the construction drags on beyond the time prescribed and additional mobile capital must be borrowed, the contract violator must pay interest for the additional capital borrowed; if the project is completed and made operational before the prescribed time limit, the construction/installation unit shall be the beneficiary of the lesser amount of interest.

b) Vis-a-vis projects made part of the general equipment plan, if additional mobile capital must be borrowed to pay unexpected expenses because material supplies are delivered too early or too late compared with construction progress, interest incurred for additional capital shall be reimbursed and such reimbursement shall be added to the estimated construction budget.

c) The National Bank shall give loans in foreign currency to those organizations meeting required conditions (primarily organizations sending workers to work overseas, those doing construction in Vietnamese territory for foreign agencies, and those producing material for export and material to substitute for imported material supplies). Joint enterprises and general corporations meeting requirements shall be authorized to directly contract loans from foreign countries under the guarantee of the National Bank.

In coordination with the Ministry of Finance, the National Bank shall issue regulations governing loans and the right to use foreign currency consistent with general state policies.

d) Banking institutions shall improve loan and cash withdrawal procedures and redetermine a reasonable cash balance in order to satisfy the cash needs of construction and of the exploitation of material supplies and construction material.

### 3. Allocation and distribution of profits.

a) It is hereby decided that the rate of allocated profits for survey, planning and construction/installation organizations shall be from 8 to 12 percent of the cost in the construction/installation, survey, and planning, estimated budget.

In conjunction with the State Commodity Price Commission, the State Capital Construction Commission and the head ministries, the Ministry of Finance shall determine the appropriate rate for each sector and provide direction to sectors and [government] levels for compliance.

#### b) Distribution of profits:

--Vis-a-vis construction/installation projects governed by regulated norms, profits achieved by base organizations shall be distributed as follows:

..for construction/installation projects with material supplies provided by the state: 50 percent to the base organization, 50 percent to the state budget (central and local budgets);

..for construction/installation projects with material supplies procured by organizations; from 60 to 80 percent to the organization, 20 to 40 percent to the state budget (including central and local budgets). The Ministry of Finance shall, in conjunction with head ministries, determine the appropriate rate for each construction/installation sector.

--In terms of construction/installation projects not governed by regulated norms, after fulfilling all obligations with the state, profits made shall be used to establish the three funds of the base organizations.

Profits retained at the base organization, after remitting all compulsory items, shall be distributed to the various funds at the following ratio:

--35 percent or more, without limit for the highest level, shall go to the fund for the encouragement of production development and to the mobile capital according to the sector, including from 1 to 3 percent to the centralized reserve fund at the federation of enterprises level (if applicable), and at the ministry and department level;

--the remainder, after setting aside 1 percent to establish the minister's fund (and director general of the federation of enterprises' fund, if applicable), shall be used to establish the welfare fund and the fund for awards. The director of the unit, along with the union, shall decide the ratio allotted to each fund. It is generally accepted that one-third shall go to the welfare fund and two-thirds to the fund for awards.

The union and organization's director shall set up a plan to use the entire welfare fund retained by the enterprise, and submit it to a general meeting of workers and employees for discussion and decision. The Confederation of Trade Unions and the Ministry of Finances shall provide directions for the use of the welfare funds of the enterprises.

--If the fund for awards exceeds 30 percent of the fund for basic salaries, the unit must turn in the percentage ratio of the accrual in excess of quota to the state budget in accordance with Ministry of Finance provisions.

#### 4. Expanding product contracting in construction.

a) Expand piece-work contracting in construction/installation in the forms of end-product contracting, and of integrated contracting to include wages, awards, material expenses and management expenses.

In the construction/installation organization, the contracting officer is the unit director; the contract-accepting party is primarily the construction/installation group.

b) Forms of contracting and of acceptance of contracting, norms, unit price, contracting agreement, responsibilities and rights are determined in the statutes on product contracting in the construction and installation of construction projects of the state.

#### 5. Some policies pertaining to labor and wages.

##### a) Labor norms and wage lists.

--In coordination with the State Capital Construction Commission and specialized ministries, the Ministry of Labor shall revise and complete labor norms in capital construction in accordance with prevailing conditions, and shall set up a set of integrated labor norms to serve as basis for planning and for establishing projects' estimated budgets.

--Wage lists in the construction/installation's estimated budget should include stabilized wages and fluctuating wages guaranteed by high cost of living allowances calculated on the basis of the cost of living index per time and place, and determined by authorized agencies.

--Along with the State Capital Construction Commission and the State Planning Commission, the Ministry of Labor shall provide guidance for the establishment of wage lists and review those submitted by construction units. It shall determine the authorized level of salary expenses for each 1,000 dong-value of the construction/installation project to serve as basis for the establishment of the wage fund.

b) Wage fund and forms of payment of wage and awards.

--The construction/installation unit's planned wage fund shall be based upon the wage list and the value of the completed part of the construction/installation project. If the unit achieves an above-quota completion of the plan, it shall receive a corresponding wage bonus. If it is behind, it shall be penalized by a corresponding wage deduction. If the delay is caused by objective circumstances, the unit should [pay the extra wage expenses] with money diverted from the awards fund or with a bank loan.

In function of the planned wage fund, each month the bank shall make wage advances to the base unit. Advance payments should be settled every quarter and a final statement for the wage fund should be made at the end of the year in function of the completed part of the project.

--The director of the enterprise has the right to use appropriate procedures to link the payment of wages and awards with productivity and profits.

c) Other incentives for labor.

--With the State Capital Construction Commission, the Ministry of Labor shall revise a number of special allowances for construction labor, such as [allowances for] mobile assignments, and assignments in mountainous areas, at borders, on sea islands, and in Laos and Cambodia.

--Construction of regular housing for construction cadres and workers. In coordination with the Ministry of Finance and other head ministries, the State Capital Construction Commission shall study the expenditure ratio for the construction of temporary housing facilities at project sites and report to the chairman of the Council of Ministers for promulgation.

d) Labor management procedures.

--The director of the construction/installation unit has the authority to recruit labor according to the needs of the projects, and to dismiss those workers and employees no longer needed.

--Workers and employees have the right to resign and to enjoy the benefits regulated by the state.

--Encourage construction/installation organizations to use labor under contract. The director of the construction/installation unit has the authority to use a below-quota personnel layout and to rearrange labor in function of his needs to rationalize production.

--With related sectors and localities, the Ministry of Labor shall revise procedures governing population registration, and distribution of ration stamps and coupons to be consistent with labor peculiarities in the construction sector.

## VI. Strengthening the Capital Construction Management Mechanism and Cadre and Worker Elementary and Advanced Training

1. Investment-supervising ministries handling large amounts of capital construction investments need to strengthen their capital construction departments and enable them to assist ministers in their overall management of capital construction. Preinvestment management, formulation and submission of economic-technical themes, planning, bid-calling management and estimated budget, project quality assurance and production preparation should be done well. Strengthen project management teams. The State Capital Construction Commission shall provide guidance for the organization and operations of project management teams.

Ministries specialized in construction/installation need to improve their capital construction elements to enable them to manage construction activities and assist subordinate units.

The government's Board of Organization shall coordinate with related sectors to determine the functions and missions of the state commissions, the Ministry of Finance, the Ministry of Material Supplies and the National Bank in relation to head ministries in charge of investment and construction/installation.

2. The people's committees of provinces and cities are responsible for the management of construction in their territories. According to projects attributed, they have the authority to review the following: management of construction site and land, management of architecture and environment, management of the exploitation of technical projects and projects for public use, management of the area's price lists in the estimated budget, on-the-spot provision of construction material, and human services for construction labor.

The government's Board of Organization shall coordinate with the State Capital Construction Commission, related sectors, and the people's committees of provinces and cities to study the classification and management of capital construction at the district level.

3. Strengthen and enhance the quality of advanced training for economic and technical management cadres, primarily the main body of cadres at base units. Organize advanced training courses for cadres in charge of economic/technical integrated management in sectors, provinces, cities and special zones under jurisdiction of the central government.

Provide regular advanced training for S&T cadres. Give them new knowledge about S&T progress in their sectors and general information pertaining to the economy and capital construction.

Improve the formation and training of workers by a synchronization of their formation in schools and the betterment of their skills on the job, primarily the high-ranking, high-skilled ones.

## VII. Implementation Directives

1. Based on the above guidance, ministries and related agencies shall, in January 1985, issue implementation letters. Achieve a close coordination between ministries and sectors in order that the guidance be unified and synchronized. Directives letters should be sent to the Office of the Council of Ministers and to the State Capital Construction Commission for comments before they are disseminated.

2. Based on this resolution, head ministries and people's committees of provinces, cities and special zones under the jurisdiction of the central government shall formulate implementation plans for their sectors and localities. The State Capital Construction Commission and integrated functions agencies of the Council of Ministers shall assist ministries and localities in the formulation of those plans.

3. The State Capital Construction Commission, along with related integrated functions agencies, and in coordination with certain construction/installation head ministries and key localities, shall direct the implementation of this new system in the first quarter of 1985 at a number of construction/installation sites and key projects. From this experience, it shall perfect the capital construction management system.

4. The comrade ministers, heads of state commissions, chiefs of agencies directly under the Council of Ministers, chairmen of people's committees of provinces, cities and special zones under the jurisdiction of the central government have the responsibility for thorough implementation of this resolution. This shall create new momentum in the capital construction sector and allow construction organizations to move forward in the accomplishment of their objectives, in bringing projects to their earliest operational status, and in ensuring quality and cost effectiveness.

This resolution shall be effective 1 January 1985. All previous stipulations in contradiction with this resolution shall be rescinded.

For the Council of Ministers,

For the Chairman  
The Vice-Chairman  
Signed: TO HUU

9458  
CSO: 4209/173

PARTY ACTIVITIES AND GOVERNMENT

TRANSFORMATION OF INDUSTRY, COMMERCE IN HO CHI MINH CITY

Ho Chi Minh City SAIGON GLAI PHONG in Vietnamese 28 Nov 84 pp 1, 4

[Editorial: "A Pressing Demand: The Continued Transformation of Private Industry and Commerce"]

[Text] Our country is independent, reunified and advancing directly to socialism. Only by advancing to socialism and simultaneously carrying out the three revolutions is it possible for our independence and freedom to be firmly based, possible to bring a life of happiness to all the people. Under present day world circumstances, following the path of capitalism will lead to the danger of falling victim to neo-colonialism again. The true independence and freedom for which our people shed so much sweat and blood to achieve could not be guaranteed. Our people would find it very difficult to free themselves from poverty and backwardness, the exploiting classes would remain and grow and the life of poverty being lived by the vast majority of our people would persist indefinitely. Therefore, each and every truly patriotic Vietnamese endorses the advance to socialism.

To achieve socialism, it is essential that we transform the non-socialist segments of the economy, which includes the transformation of private industry and commerce. Today, everyone is well aware of the fact that the transformation of private industry and commerce has become a pressing demand in production and everyday life, in the cause of building and defending the fatherland. Over the past several years, through extraordinary efforts by the working people, production has developed quite well throughout our country and within our city. However, the working people continue to encounter numerous difficulties in their daily lives. This situation has many causes, the most important of which are the many shortcomings and weaknesses that exist within the field of distribution and circulation, especially the lax way in which we have been transforming and managing the market. The most serious problem is that the activities of dishonest merchants, speculators, black marketers and persons who manufacture contraband and fake goods have not been harshly denounced or properly punished. They are collaborating with international smugglers, with compradore bourgeoisie who fled to foreign countries and, behind them, with the imperialists and Beijing reactionaries, who are sending goods, even luxury goods from foreign countries, into our country in order to take gold, precious gems and special products from us. They are competing with us in the procurement of agricultural and marine products, spreading

damaging rumors, creating the psychology of hoarding goods and undermining the procurement plans of the state. They have, at times, pushed prices upward and put counterfeit money in circulation in order to disrupt the market and pose additional difficulties to the working people in their daily lives. They manufacture fake goods, including some that are harmful to humans. They take advantage of the decentralized, spontaneous nature of small-scale production and the "free market" that has not been restructured or transformed and use private merchants who have not been re-educated to round up and amass goods and sell black market and fake goods. They have conspired with and bought the support of a number of degenerate and deviant elements within the state apparatus for the purpose of embezzling goods and money from the state and using state equipment to transport goods for them. As a result, the social market is in increasing disorder and the working people are encountering increasing difficulties in their everyday lives.

This situation demands that we transform private industry and commerce so that the working people and the state become the masters of the economy, the masters of production, the masters of the market and prices. The state must control the flow of goods and money, control prices and not allow dishonest merchants, speculators and black marketers to disrupt the market, to monopolize prices, to plunder and exploit the working people. If we fail to carry out the socialist transformation of private industry and commerce, the immediate as well as the long-range, basic interests of the working people will be harmed and, in the final analysis, the legitimate, basic, long-range interests of businessmen in industry and commerce, of the persons in small industry and the handicraft trades and small merchants cannot be protected.

Still lacking a full awareness of the necessity for transformation, our people, including the businessmen within industry and commerce, the persons working within small industry and the handicraft trades and small merchants, must develop a better understanding of the objectives of transformation so that they actively support and participate in this work.

The transformation of private industry and commerce that we have been and are carrying out differs in principle from toppling the compradore bourgeoisie and punishing dishonest merchants, speculators and black marketers. The compradore bourgeoisie, who were closely tied to the imperialists and the militarist, bureaucratic apparatus, monopolized the economy and served as the class base of the puppet government, as the base of support of the U.S. imperialists. They were toppled by our people. Our people are also determined to punish dishonest merchants, speculators and black marketers, persons who manufacture black market goods and fake goods because they are supporting the imperialist, expansionist and reactionary powers who are waging a wide-ranging war of sabotage against us, one very important aspect of which is their very cunning sabotage of our economy and the living conditions of our people.

As regards the bourgeoisie within commerce, the question is not whether to topple or punish them, rather, it is a matter of the state pursuing a socialist transformation policy that embodies suitable forms and stages of transformation. This correct transformation policy adopted by our party and state concerning private industry and commerce is not a defensive maneuver,

rather, it is a policy based on a scientific analysis of the nature of the ordinary bourgeoisie. Some persons within this component of the bourgeoisie are former workers or small employers who found that they were adept at operating a capitalist form of business and gradually became bourgeoisie. Some are intellectuals skilled in science and technology who went into business and became bourgeoisie. During the years of the U.S.-puppet regime, this non-compradore component of the bourgeoisie, although involved to some extent with the machinery supporting the war, was, generally speaking, pressured into doing things by the compradore bourgeoisie and the militarist bureaucrats. On the other hand, influenced by the patriotic movement that existed among the people of the city back them, some of them participated in patriotic activities of varying forms and degrees. Since liberation day, through the various phases of transformation, a rather large number of these persons, having accepted the transformation policy of the party and state, have eagerly put their liquid capital, their production and business facilities, their skills and management experience to work helping to stimulate the economic activities of the city. And, not stopping at patriotism, they have gradually developed a love of socialism. Some of them are now displaying some of the qualities of the socialist worker. In the course of socialist transformation and socialist construction, these persons themselves will cast off the final vestiges of being bourgeoisie and become socialist workers.

The objectives of the socialist transformation of private industry and commerce are to gradually abolish exploitation and the exploiting classes, establish the new, socialist production relations, allow the state to control the flow of goods and money and manage the market and prices, allow production and circulation to develop unimpeded and stabilize the living conditions of the people. Another objective in the socialist transformation of private industry and commerce is to give the businessmen in industry and commerce an opportunity to display patriotism, to contribute to the development of production and socialist commerce and endeavor to gradually become socialist workers. "Getting rid of the bourgeoisie in commerce" means getting rid of their capitalist mode of business not getting rid of them as persons. It must be stressed that our transformation policy is to tie the transformation of production relations to the transformation and education of people. Through the use of persons who have accepted the transformation policy and joined suitable forms of organization, we are gradually teaching private merchants how to be workers and helping them to slowly become socialist workers.

The realities of the transformation of private industry and commerce within our city have proven that we are following the correct course. The initial results of transformation within a number of industrial, small industry and handicraft sectors, within the grain sector and several other service sectors of the city prove that transformation has helped to improve the production situation, improve distribution and circulation, improve market management and guarantee the long-range, basic interests of the working people and even of those persons who have been transformed.

In the process of transformation, it is impossible to avoid mistakes. However, feeling a sense of responsibility, we have promptly detected and taken determined steps to correct our mistakes in order to insure that this

work is carried out in an efficient and correct manner that yields good results.

Aware of the need for transformation and bearing in mind the splendid reasoning and objectives behind transformation, the businessmen in industry and commerce, the persons who work in small industry and the handicraft trades and small merchants, encouraged by the various strata of people within the city, will accept the transformation policy of the party and state, a policy that conforms with both reason and sentiment, thereby helping to bring about new and positive changes in production and everyday life, helping to build the new system, build the new economy and mold the new, socialist man.

As they shift from old habits, from their old ways of doing things to new and progressive practices, the business people within industry and commerce cannot help but feel some initial concerns and doubts. The party and state understand these concerns and doubts. However, if everyone within private industry and commerce fully understands the principles that are involved and takes into consideration the basic, long-range interests and the immediate interests of the working people, of themselves and their children, the response to the transformation policy will surely be positive and its implementation will surely be a success.

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ECONOMIC PLANNING, TRADE AND FINANCE

PARTY COMMITTEE RESOLUTION SIX, NEW FACTORS EXPLAINED

Hanoi NHAN DAN in Vietnamese 19 Dec 84 pp 1, 4

[Unattributed article: "Recalling 1984, Resolution Six and New Factors"]

[Text] Distribution and circulation were defined by Resolution Six as the most heated economic field of activity. The long-term problem previously has been that definite results have been attained but still small in number and not yet truly fundamental. Therefore, if guided by former impressions, one can easily become confused over the accomplishments made during the process of implementing Resolution Six.

Notable progress has been made in socialist commerce. With many fine models of commercial and trade business, a number of primary level units have had the strength to repel privately operated business. These results can be considered as a yardstick of the material changes in the socialist commerce sector and of the dynamic supervision of the local areas and primary level units. These results can gradually erase the erroneous and almost prejudicial opinion that socialist commerce is inevitably inferior to privately operated commerce. Therefore, the achievements made by a number of advanced models have an extremely profound significance. Department Store 2, the grain business system usually associated with the name of Mrs. Thi in Ho Chi Minh City, Department Store 5 on Nam Bo Street in Hanoi, Thanh Hoa District General Commerce Corporation, the Viet Tri Tailor Shop in Vinh Phu Province, Tay Giang Village Marketing Cooperative in Thai Binh Province, etc. and many other outstanding advanced models in all localities have been praised by everyone both for their business and support quality as well as their work spirit and attitude. The new is beginning to produce an active influence. A number of locations have learned how to coordinate state-operated trade with the marketing cooperative system, creating a powerful force for controlling the market, money, goods, etc.

Along with the development of socialist forces, we have done well, although only initially, in transforming privately operated industry and commerce and in reorganizing the social market. New elements worthy of attention are our successful elimination of the bourgeoisie business formula, use of skilled traders and craftsmen, and good use of the material and technical base. Educational, economic and administrative methods have been uniformly coordinated with special emphasis given to the economic methods. On the other hand, we have created new and versatile forms of organization consistent with the new economic

\* Continued from NHAN DAN 18 Dec 84

and social conditions. Not a few "chiefs" and "depot heads" who once ruled the roost in a number of commodity sources and sectors now have a correct perception, have been guided, used and stimulated by socialist commerce by both the economic and social benefits and are now maintaining their commodity sources and sectors in support of socialist commerce and the people. This formula of implementing transformation does not deviate from reconstruction and rearrangement to develop the greatest effectiveness; or more specifically, originates from the objective of construction, development and greater effectiveness in implementing transformation and rearrangement. This formula creates conditions for organizing and managing the market in a rapid, orderly and effective manner. When their turn comes, the new factors have an active influence on the remaining portion of the market. The market has now begun to rearrange a number of major commodity sectors: grain, meat, fish, vegetables, fabrics, wine and beer, tobacco, etc. On that basis, the state will have conditions for better market and price management and will assist in more effectively eliminating speculation and black marketeering.

Renewing the marketing formula and applying the two-price (stabilized prices and commercial business prices) mechanism in conjunction with the general business formula, coordinating both purchases and sales, and emphasizing both commercial business and trade, socialist commerce has gained better control of commodities, and production service and consumption have become more effective. The consumer wholeheartedly welcomes the new elements and methods of operation. In Department Store 2 (Ho Chi Minh City), the consumer can in one trip purchase everything from hardware, bolts of fabric and clothing to house brooms, curtain rods and even food, lunch and refreshments, saving immeasurable time and effort. In the store system of the Thanh Hoa District Commercial Corporation (in Vinh Phu Province), the farmer can immediately sell hogs, chickens and bamboo baskets or pharmaceuticals, paddy, manioc, etc. in order to purchase everything from breeder hogs, plows and knives to blankets, clothing, state wine bottles, candy and cake wrappings, etc. Or like in the marketing cooperative of Tay Giang Village in Thai Binh Province, the farmers can purchase everything from buffaloes, cattle and agricultural implements to clothing, fish sauce, salt, etc., and when they have funerals or weddings, the marketing cooperative provides thorough assistance and planning. There are countless other fine examples illustrating the features of renewal in the commercial business and trade formula in accordance with the spirit of Resolution Six. Above are a few representative models in different areas which reflect an increasingly wider change in many areas. What factors have caused these changes in the primary level service and business units of different sizes and forms from different localities to resemble each other in such a manner? The common thread binding these primary level units together has been their production and service objective and their actions conducted truly for that objective.

The concentration of commodities under state-operated commerce to assure planned distribution is a great advancement, including the most essential products of life such as grain, meat, fish, sugar, tobacco, beans, vegetables, etc. Goods concentrated in the hands of the state during the first 10 months of the year have nearly achieved the planned level for the entire year. Despite great natural disasters, the highest levels ever have been achieved in a number of essential commodities.

The purchasing formula and two-price mechanism have realistically proven themselves to be levers of important significance. With this momentum, we can gradually advance to absolute control of most commodities, fully control the wholesale step and a large part of the retail step, and achieve business unity in the most essential commodities.

In many locations, the business sector also has direct relations with the primary level industrial, small industrial and handicraft units through contract forms to both supply a portion of the supplies and raw materials for production and to firmly control goods sources. In the rural area, through the system of marketing cooperatives, a number of locations coordinating both purchases and sales have supplied production materials (primarily hand tools) and a number of essential consumer goods with even some locations providing services (during weddings and funerals) to the farmer and purchasing agricultural and forestry products from their source. At the same time, rational distribution has been organized, delivering goods all the way to enterprises, agencies and units for sale to the workers, cadres, troops, public security personnel, and farmers in the rural area. Efforts are being made during the entire production to distribution process to close off and reduce all intermediate levels and steps and to eliminate the competition of outside private merchants; allowing these private merchants only to retail sundry items, to engage in service activities or to serve as agents for state-operated commerce. This is of immeasurable benefit to society and to the consumer. To reach the hands of the consumer, some goods previously had to pass through six or seven doors, some for form only; meaning a discount to each one which absurdly drove up the price. Moreover, the transformation and management of privately operated commerce also have an active effect on the transformation of production relations in agriculture, especially in many areas of the south where socialist cooperativization is still incomplete. Because agricultural production there has a clear commodity economy nature, agriculture must be closely connected to industry and commerce. If socialist commerce rises to control the market and eliminate speculative and monopolistic activities by the major bourgeoisie and private merchants, it will have an effect of stimulating the advancement of agricultural collectivization at a high rate.

Along with business formula improvement, the lever of income distribution by labor with suitable contract forms is an extremely decisive factor in creating the achievements noted above. In all of the advanced models of the commerce sector, the product contract system is applied in every direct and indirect type of business labor in many forms. Actual experience has indicated that this economic method is a powerful motive force stimulating business labor and trade to assure precise standards in quantity, quality, time and attitude, and to conduct marketing with the proper policies and objectives. Those primary level units that know how to well-apply the contract policies are all advanced business and service models. The contract policy was promulgated long ago, along with the contract policies applied to agriculture, industry, etc., but has been late in application to commerce. In this situation, although we have strengthened the ideological education and administrative management methods, little effectiveness has been expressed. Reality has proven that the political and ideological methods are not the "commander in chief" but like the administrative methods have a relatively limited effect. All three methods, educational, economic and administrative, must be firmly coordinated with each other

without omitting one, but with the economic method being of the most decisive significance. A number of locations with forms skillfully applying the product contract system have achieved great results in many aspects, purchasing as well as selling and business as well as service, to initially create a good effect on production and the good feelings of the consumer.

In the five major markets, Hanoi, Ho Chi Minh City, Haiphong, Quang Nam-Da Nang and Can Tho, due to firm supervision, good and relatively uniform initial results have been attained. Included in these results are a few markets which were strong bulwarks of forces previously engaged in non-socialist work and a few locations which were also bulwarks of delay and conservatism. The difficulties were not only due to the large size of the markets but also to the complex nature of the economic and social aspects. Therefore, the achievements made express not only the determination of gradual market control but also the new and rich ingenuity enabling the mission of distribution and circulation improvement to advance in a favorable and orderly manner. Although we must remain vigilant against the plots and stratagems of major speculators and black marketeers who are unwilling to accept state management as well as against the destructive plots and schemes of the still unmasked internal enemy and the external enemy, the results attained are a factor stimulating more decisive purpose and action aimed at establishing socialist order. Due to the large size and central position of the entire area, results attained in the five major markets have a continuous effect on surrounding local markets and create a new favorable trend.

Generally speaking, the market is being gradually managed. A number of goods sectors and private operators have been rearranged. Black marketeering, speculation and monopolism have been initially halted. An important step has been taken in overcoming the trade competition of economic organizations and local areas.

Prices have been relatively stabilized. The further increase in the amount of cash in circulation caused by state promulgation of a system of cost of living subsidies for those receiving bonuses and financial assistance and the emergency expenses for areas seriously affected by natural disasters as well as by the psychological factors caused by the recent major natural disasters could have created changes in the market and in prices. Nevertheless, although these two events occurred at nearly the same time, there was no great upheaval, major change or negative effect on the market of the countrywide market. Therefore, the situation above may be considered a yardstick for objectively evaluating the good effect and new progress of market management during the recent past in accordance with the spirit of Resolution Six and in accordance with the viewpoint of the important speech by the General Secretary.

On a market basis, the prices of essential items are relatively stable and fluctuations in the lives of the people, especially the lives of the cadres, workers, public servants and armed forces, have been alleviated, and generally speaking, the supply of essential goods is better assured than before. Consequently, the situation has an active influence on social psychology, labor and work.

In general, clear changes have occurred in distribution and circulation. The implementation of Resolution Six has existed for 5 months but these changes are worthy of emphasizing. Moreover, the most important aspect and one which cannot be measured by indexes and percentages is that the changes above are of a more fundamental nature and therefore have created a favorable momentum for the changes to follow. They are more fundamental because the accomplishments made above in the new economic management systems, appropriate organization systems, good application of administrative regulations and socialist awareness are better than before. At the same time, although these changes are only initial, they have occurred in nearly every locality, in the delta as well as the highlands, and in locations with large as well as small-scale markets. This reality reflects another conclusion that the line, policy and method of implementing distribution and circulation put forth by Resolution Six is correct and accurate.

Nevertheless, the changes above are only initial. The new factors and advanced models are not yet truly widespread in every location. Socialist commerce is still weak and the free market is still large. There are also many shortcomings and weaknesses, even still existing in each advanced model along with the progressive aspects. There are still many extremely complex and difficult problems such as the price, wage, financial and monetary problems which cannot be handled in a prompt and unilateral manner but through many progressive steps. Consequently, we still must reserve no small amount of time, fervor and effort in overcoming these shortcomings before total socialist order can be established in the distribution and circulation field. However, in this situation, if the new is stimulated by legitimate interests, is guided by appropriate forms of organization, and is rationally mobilized, it will be a factor directing the development process. The elimination of any irregular factors is surely a situation which will increasingly change for the better and successfully achieve the objectives set forth by Resolution Six.

Although the period of implementing Resolution Six is still short, appreciable changes have occurred. The actual results have strengthened confidence in the economic line and policy of our party and state and created an air of enthusiasm in increasingly gratifying expectations. However, the substantiation and systemization of Resolution Six is still slow. Some progress has been made in overcoming shortcomings in the economic management and planning mechanism but bureaucratism, subsidization, conservatism and delay are still prevalent. The planning work has still not been truly renewed. Production rearrangement has not been accomplished to a great extent. Promulgation of a number of extremely urgent policies dealing with expansion of primary level unit initiative, production and the lives of the wage earners is still slow. Although the previous management mechanism--a subsidized, bureaucratic and inflexible mechanism-- has been severely criticized, the specific provisions of that system actually still control the activities of many sectors and many production and business steps. The management mechanism of subsidization, bureaucratism, etc. appears in many provisions in economic organization and management and cannot be simply dealt with at one time. Moreover, we do not have the conditions necessary to build an economic mechanism all at once but have instituted immediate corrections, eliminated objective limitations, and found even the subjective aspect a difficult task to accomplish. The economic conditions in our country bear many

unique qualities and are not of a universal nature like the fraternal socialist countries: small-scale production is still widespread, difficulties are being encountered in the advancement process, imbalances exist in many aspects, war losses were heavy and there are still enemy threats and aggression today, etc., a situation of many "hardships" bound in many "difficulties." There are no ready suitable perfect models for us to copy but only specific explanations in each aspect and voluntary proposals in the new organization, management and advancement formula. To widely disseminate the new theories and experience of other nations as well as advanced models requires scientific and skillful coordination consistent with the unique characteristics of our nation, each local area and each primary level unit, seeking appropriate forms, advancement and methods during the initial stretch of the transitional period.

Many major lines and policies have been promulgated but not in a sufficient or synchronized manner, especially in specific management mechanisms, partially due to subjective shortcomings and at the same time due to a lack of experience in handling extremely multifaceted, complex and specific problems. Therefore, we must delve into reality, maintain close contact with the primary level unit, the local area and the locations with striking changes during the recent past, seek understanding of successful lessons, and use actual experience to reconsolidate formulation of the necessary specific provisions. To remove the obstacles of the primary level units, it is necessary first of all to consult the lessons of self-removal by primary level units. It is necessary to create widespread favorable conditions for the primary level units and local areas to develop their own initiative, the very source of creativity. A great many primary level industrial and agricultural production units with the old organization and management mechanism have been unable to succeed, have been saddled with business losses and have even been involved in proposals to dissolve; but with the new organization and management mechanism have developed the collective ownership role of the cadres, workers and farmers, raised the spirit of initiative, creative capabilities and concept of financial responsibility, and closely coordinated labor with production results, etc., and today are maturing into advanced and typical models. This reality has highlighted the correct and creative nature of the new economic management mechanism set forth by Resolution Six of the Party Central Committee.

If the new factors noted above are developed and the summarization of advanced models is emphasized with the precious conclusions and experience gained during the process of implementing Resolution Six, we will make active contributions toward promoting production, stabilizing the standard of living and successfully achieving the economic and social mission of 1985.

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ECONOMIC PLANNING, TRADE AND FINANCE

EFFECT OF RESOLUTION ON ECONOMIC MANAGEMENT ANALYZED

Hanoi NHAN DAN in Vietnamese 18 Dec 84 pp 1, 4

[First part of unattributed article: "Resolution Six and New Factors";  
passages enclosed in slantlines printed in boldface]

[Text] An extremely important political event taking place in our country in 1984 was the issuance of the Resolution of the Sixth Party Central Committee Plenum (Fifth Session). This resolution deals with the urgent tasks involved in improving economic management. It thoroughly reflects the profound views expressed by General Secretary Le Duan in his speech at the Central Committee Plenum when he pointed out the principled problems and relevant laws of the socialist revolution in our country and indicated the basic concepts of the party about improved economic management. Resolution Six proposes further improvement in many previously promulgated policies, decides on new ones and, more importantly, resorts to systematization to create a relatively uniform management mechanism with a view to providing conditions for all economic sectors and managerial levels--especially production installations--to step up production development and achieve a higher economic effectiveness.

The improvements initially made in the economic management mechanism according to the spirit of Resolution Six and General Secretary Le Duan's speech have led to a high degree of unanimity throughout the party, infused an enthusiastic spirit, a new confidence and a determination to change the socioeconomic management situation, and had the effect of stimulating production. Resolution Six and the secretary general's speech are being applied in daily life and are strongly developing the initiative, creativeness and sense of responsibility of all levels, sectors and production installations and promoting the shift of economic activities from excessive bureaucracy to profit-and-loss accounting and socialist business methods and from passiveness and the habit of relying on others to a self-sufficient and dynamic position.

Though Resolution Six of the Central Committee has been implemented for only 5 months and though specific regulations on overall management organization have not been uniformly enacted, the correctness, realism and scientific nature of its leading principles and their conformity with daily life requirements have been proven by actual facts. Generally

speaking, all localities and production installations have responded very keenly to the new leading spirit emanating from the Central Committee [resolution] and, instead of waiting for the promulgation of all necessary specific regulations for all sectors, have on their own drawn up programs and plans of action, reexamined and improved on the initiatives on production and business organization and economic management which so far had been taken and applied in a fumbling, "clandestine" and "sneaky" fashion and which must now be legalized according to the spirit of Resolution Six. Since the enterprises' responsibilities have been defined and the power necessary for them guaranteed, their role as collective owners has been strongly developed and new organizational and managerial measures simultaneously taken everywhere. Though the resolution implementation deadline is nearing, the economic result obtained is already evident. The tempo of industrial production--even in the key industrial sectors--has become increasingly high and the output has increased over the first 6 months of this year and over the corresponding period last year. There has been an increase in the quantity of products delivered to the state, in the economic effect and in the workers' income, which means a relatively harmonious distribution of three interests.

An outstanding achievement is the fact that the enterprises' initiative and dynamism have been strongly developed and their assumption of financial responsibilities emphasized. In the past, the practical result did not meet the demand not just because of insufficient exhortations to energetically step up production, to thrifitily incurring expenses and to heighten the effectiveness of production and business activities. Economic laws have an invisible yet immense power. Because it applies economic laws comprehensively, Resolution Six has been quickly accepted by production and business installations and laborers and its effect developed conspicuously. Exercising their newly vested power, many enterprises have actively changed part of their planning task (because it was in the middle of the year); drawn up their production plans on the basis of sale contracts with economic organizations and other enterprises in order to develop the result of production more realistically; eliminated the concomitant state of merchandise shortage [on the market] and goods stagnation in warehouses; and partially modified their product manufacturing lists so as to use supplies and raw materials fully and more rationally. Many combines and enterprises have formulated plans from the enterprise and workshop level on up prior to consolidating them into one suitable for each combine and enterprise. Owing to this effort, production plans in some areas have been improved over the past, which has resulted in an increase in the amount of new and valuable products for domestic consumption and export. By establishing direct relationships with their customers, enterprises have received in exchange part of their needed supplies and raw materials from these customers, thus increasing the material potentials necessary for production.

Many enterprises have reorganized production, improved the handicraft production line and rearranged the management apparatus in order to narrow the indirect intermediaries' scope, strengthen the management-production relationships and make them really effective; they have also

vigorously implemented policies on contract work, wages and rewards under various forms. The good results initially obtained in the field of production and labor productivity, and in the use of machine capacities and so forth are proving the soundness and realism of the economic management improvement policies indicated in Resolution Six.

/The Agricultural Machine Factory/ has tried to overcome difficulties with material supplies and product sale which had hampered production for many years. To this end, it has on its own drawn up a production plan in anew way on the basis of contracts signed with its customers, thus expanding its product manufacturing list. In addition to two existing types of machines, the factory has produced many new machines to serve agriculture such as the insecticide spraygun model MPTS-6, the Bong Sen [Lotus] tractor model BS-6, the HTS-20 machine, the enameled brick press model EG-40 and the passenger tricycle model X3B-D12. While finding a ready market for these products, the factory has received from its customers an amount of materials equal to between 15 and 20 percent of that required by its production plan. The introduction of scientific-technical innovations into production has been considered important and the application of the contracting system for the raising of a wage fund has beneficially influenced labor management.

/The Mai Dong Machine Works/ has changed its production planning method by taking into account the purchase demand expressed in the contracts signed with other industrial enterprises. In addition to the products manufactured along its traditional line such as air pressure hammers and friction and flex-axle presses, the factory has added many new products such as hydraulic presses of the 20-, 40-, 63- and 160-ton sizes used in pressing decorative bricks, paneling, leather, rubber and so forth and has manufactured equipment for entire production lines capable of yielding 50 tons of acetylenic compound a year and processing 15 tons of sugar a day. The factory production has been reorganized to raise the specialization standard, and the application of economic and technical standards and norms has been considered important.

/The Hanoi Bicycle Combine/ has reorganized state-operated and collective bicycle manufacturing installations, shifted installations failing to maintain the product quality standard (for bicycles and their tires) to the manufacture of other items, eliminated the previous practice of letting out work on commercial contracts and intensified scientific-technical research through a program with 19 technical-economic topics with the aim of increasing productivity and improving product quality to open up new export prospects.

/The Nam Dinh Textile Mill Combine/ has improved the planning task, entrusted workshops with formulating and implementing plans, and drawn up economic contracts by linking production to the servicing and specialized activities of various bureaus and sections. The operational apparatus and working system have been improved to better the combine's centralized management; at the same time, greater responsibilities and power have been vested in factories and workshops, the wage fund

contractually entrusted to workshops and the reward system improved in order to associate laborers with achievements in productivity, product quality and economical use of materials and spare parts and to correctly coordinate the three interests. As a matter of fact, many initiatives to improve technique have been developed and production difficulties overcome, which has had a specific, obvious effect on the weaving task. Production has been developed, showing in October 1984 an increase over the previous months and promising an overfulfillment of the 1984 plan norm.

/The Thanh Hoa Distillery in Vinh Phu/ formerly relied on the grain supplied as raw material by the state sector, met with countless production difficulties and ran the risk of disintegration. At present, it is strongly developing and stabilizing production after proceeding with a reorganization and establishing close relationships with the agricultural sector through the medium of marketing cooperatives. Its output has increased five- to sixfold over the past. This initial result has enabled the distillery to accumulate capital, to apply technical innovations and to offer a greater variety of valuable products for export.

/The Hoang Lien Son Lumberyard/ formerly used to saw timber into dressed lumber and to receive its raw material supply only from the state sector. It has now changed its product manufacturing list and assumed the dual task of sawing up and dressing timber and manufacturing consumer goods from the state-supplied lumber belonging to various units and also from discarded wood (sawed-off outer sections of timber). This method has enabled it to better use the capacities of machines and labor, to better preserve raw materials, to introduce scientific-technical advances into production and to improve product quality.

Above are some measures designed to improve organization and management in certain enterprises subordinate to the heavy and light industry sectors at both the central and local levels though these enterprises are not most typical. Nevertheless, the information gathered many reflect more objectively the overall state of implementation of Resolution Six. In general, these improvement measures have been neither designed by the enterprises alone nor considered as novelties by society but they do reflect receptivity, initiative, dynamism, creativeness, concern about effectiveness and possibility of using economic stimuli to promote a high tempo of production development and obtain a great economic effect. At the same time, these improvements have proven that the leading spirit of Resolution Six is quite correct and consistent with the requirements of daily life and the actual situation.

In conjunction with the improvement in enterprise management, production has been initially reorganized into various branches so as to raise the level of cooperation, work assignment and specialization. With its immediate great practical significance, this move is a progressive organizational and managerial form which has been contemplated since several years. Only now can it be applied after we have carefully studied and treated the economic relationships among production units

which adopt the new cooperation form--that is, after resolving the very difficult and complex objective economic problems arising from the cooperation expansion process. In the first step, production has been reorganized into economic units and specialized production units to manufacture bicycles and machines, to build ships and barges, to make glass, plastic and rubber wares, to process food products and so on. Because specialization is the basis for technical development, conditions must exist for intensive investments and for energetic introduction of scientific-technical advances into various production stages. For lack of technical factors and because of their failure to attain quality standards, a number of production installations have been geared toward the production of other types of goods. The practice of letting out work on contract in commercial terms has been abolished and replaced by the method of letting out work on contract in industrial terms. Therefore, we can be fully confident that the problems of productivity, quality and economic effectiveness will undergo significant changes in the near future.

Also owing to production reorganization according to each sector's specialty, units belonging to different economic components--state-operated, collective and individual--are being coordinated on a technical and economic basis. A great effect of this move will be manifest not only in developing to the maximum the economic and technical superiority of enterprises belonging to each economic component and hence in ensuring a high labor productivity and economic effectiveness but also, and better still, in consolidating the cooperation and work assignment systems, in expanding the socialist production relationships and in really developing the activist role of state economy.

Along with the reorganization of various economic sectors, the assignment of tasks to and decentralization of localities have provided more opportunities for all levels to develop their ability to take the initiative to organize production satisfactorily within their own territorial scopes. The decentralization policies on grain, finance, material supplies, commercial activities and import and export have exerted very positive effects. A brilliant example can be found in the capital construction field: Relying, on the one hand, on the local budget and, on the other, on the sources of capital and labor locally mobilized according to the "joint action by the state and people" slogan, all localities have started local capital construction on a fairly large scale. For instance, in 1984, local capital investments represent about 40 percent of the nationwide investments in capital construction. Apart from medium- and small-scale works, certain localities have set aside a noticeable part of their capital (each 300 to 400 million dong) and contributed it to the central level to help build large-scale economic projects in their own territories--such as the construction of the Thanh Nham large-scale irrigation work in Nghia Binh, the Da Nang power plant in Quang Nam-Da Nang with a 100,000-kw capacity, the 400,000-kw Tri An hydroelectric plant with the capital contributed by Ho Chi Minh City and some provinces in the Mekong River delta, etc. Some localities have

invested in building new economic installations designed to produce special crops for export, in building agricultural, forest and marine product processing installations with modern technique and in building more material-technical installations to serve the commercial sector. These deeds have had the great effect of helping rationally exploit the economic development potentials particular to these localities, in general, and laying a basis for broadening the distribution of social labor and increasing the amount of export products, thereby augmenting the sources of capital accumulation from outside and continuously expanding local production. Without such material conditions, it would have been impossible for Quang Nam-Da Nang--a small province with a slightly developed industry--to expand the scope of its export goods production and increase its value to R/\$40 million in 1984; [under the same material conditions,] Nghe Tinh Province--a poor locality which met with continual and typical difficulties in the past few years--has also reaped R/\$15 million in 1984 by exporting its local products.

By skillfully using the material funds assigned to them by decentralization, many districts have progressed wonderfully and vigorously. Long Phy District (Hau Giang Province) has reached a particularly high tempo of grain production by increasing its 1983 output by 52 percent over 1982; it has also extended sugarcane cultivation to 3,500 more hectares and coconut palm cultivation to 1,500 more hectares and has bred and exported hundreds of tons of shrimp. Cai Lay District (Tien Giang Province) has increased its grain output by 50.9 percent, developed its sugar producing sector by cultivating 1,500 hectares [of sugarcanes] and tripled the value of its industrial and handicraft production. Van Chan District (Hoang Lien Son Province) has developed its tea producing sector and achieved an output of nearly 10,000 tons of tead buds per annum. Dien Ban District (Quang Nam-Da Nang Province) has set up fairly good agroindustrial model installations. There are 65 principal districts which have completed zoning prior to reorganizing production in order to rationally develop economic potentials, to promote overall development of production and to carry out intensive cultivation and specialization with a high tempo. The various localities' success constitutes a lesson which has reinforced our deep understanding that the leading spirit of the Central Committee [resolution] on decentralization does not imply a "division of wealth" but is mainly aimed at providing more material conditions to implement the strategic policy of developing production, broadening labor assignment within each locality, drawing production into the socialist large-scale production orbit and achieving an abundant and extensive accumulation [of wealth], hence meeting the centralist requirements satisfactorily; in other words, decentralization is designed to organize production and manage the economy more effectively.

Along with decentralization, the state has assigned many production installations to localities (this word "assign" is likely to be misinterpreted as "distribute wealth" since it does not clearly convey the sense of "assigning the managerial task"). Many agricultural and forestry installations and many industrial enterprises designed to process agricultural, forest and marine products have been reassigned to various

localities for management; many other installations will be subjected to this measure in the near future. They are potential factors which will exert a great effect. Right now, this measure will make it possible to link raw material production to the processing industry and to eliminate the unnecessary intermediary stage, thus surely and continuously increasing economic effectiveness.

However, the actual situation resulting from several months of implementation of Resolution Six has also shown clearly that despite the great efforts of a number of sectors, the implementation rate has not yet caught up with requirements and that the provinces have not yet energetically assigned tasks to the districts and decentralized them even though the district level has been confirmed as holding an important strategic position from the economic, social, cultural and national defense points of view. Under such circumstances, it is evident that we still lack management regulations to guide the [Resolution Six] execution with a strong tempo and with a full self-enlightenment on the part of all sectors at all levels.

Joint ventures and alliances are a topic considered especially important by all sectors, localities and production installations. For several years, the four-way alliance formula (meaning proportional distribution of materials drawn from four potentials to carry out the state plan) has been considered as a major creation and applied rather animatedly. Resolution Six has clearly reiterated the need to develop the alliance-joint venture formula under variegated economic forms and according to the specific economic conditions of each sector and locality. The processing industry's alliance with specific production sectors in the agricultural, forestry and fishing fields has brought about obvious results: sufficient supply of raw materials to industry, better product quality and higher economic effectiveness. For the Vinh Phu Tea Combine, production has increased over last year, export capacity is greater and economic alliance has enabled it to stop the decline in local tea output, to step up production development and, on this basis, to plan the production of a type of tea of special quality and high value for export. The alliance formula is also being applied to associate production with technical service. It has recently been applied to link science and technique to production such as in the leather shoe and bicycle manufacturing sectors.

Economic alliance is a major issue having a profound economic, technical and social influence. But we still lack specific regulations to guide its implementation according to the Resolution Six spirit. Though rather significant, the results obtained are still very limited as compared with the great manifold potentials of this issue had they been soundly exploited. If the distribution formula applied in economic planning has clearly stated the need to rely not only on a single supply source provided by the state but on all the four ones, then alliance on an economic basis will be the principal formula to meet this need. Generally speaking, many localities have not yet clearly understood this economic

basis--that is, the fundamental principle which correctly and scientifically guides the alliance formula. For some time now, many localities have allied with one another but actually have taken on different shades of sale-purchase by money payment or exchange of goods in nature according to the "final sale-purchase" motto; their economic relationships have not yet been resolved rationally nor has the managerial role of members of allied organizations and joint ventures been really democratic and equal. If its implementation is well organized, the alliance formula can create a new and huge productive power for society.

Resolution Six promotes a vigorous production development while clearly defining the financial responsibilities of production and business units at all levels. In addition to the criticism directed at the excessively bureaucratic management system over the past few years, the leading spirit of Resolution Six is really meaningful in that it induces managers to pay specific attention to production, quality and effectiveness, that it clearly determines their financial responsibilities and that it gives them the necessary conditions to insure its implementation. This is a new, welcome feature that is becoming prevalent everywhere. Many enterprise directors have formulated new working methods and drawn up plans to increase the enterprises' export capacities, to reduce expenditures through careful calculations, to maintain economic and technical norms and to better use labor and economic stimuli. It has thus been possible to see clearly that far from relying on others, laborers possess a strong self-sufficient spirit, a high sense of responsibility, a determination to overcome difficulties and the capacity to take the initiative and that our directors generally have good qualities and that many of them are skillful and worthy of their revolutionary tradition and of the training effort of the state. They are asking for power commensurate with responsibilities as stated in Resolution Six but such power has not yet been fully vested through specific regulations. From this actual state of affairs, it can be deduced that restraint, sluggishness and conservatism are not mainly due to production installations.

Economy is a unified entity and productivity, quality and effectiveness are the synthesis of economic, technical and organizational factors each of which in turn embraces a whole system of specific and uniform regulations. Due to the above-mentioned shortcomings, the development of the new economic management apparatus' effectiveness has been somewhat limited and a uniformity in dealing with economic relationships in production, circulation, distribution and income has not yet been created. Consequently, the influence of these shortcomings has led to two completely different trends: The first is the tendency to misuse the directors' power and the right to ownership and to deliberately transgress regulations by using many "clandestine, sneaky" forms of "alliance" to obtain supplies and raw materials, to exchange products and to take advantage of price differentials to share a high income;

the second is the tendency caustiously to underutilize the vested power and to dare distribute only a small income to workers though the enterprises have developed production fairly well and reaped a large income. At such a low level of interpretation, the meaning of distribution is illustrated more vividly by a new qualitative change in the enterprises' production and business activities from stagnation and even possible dissolution to stability and profitability rather than by any improvement in the laborers' material conditions with a view to increasing their productivity.

[To be continued]

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ECONOMIC PLANNING, TRADE AND FINANCE

HO CHI MINH CITY INDUSTRY URGED TO IMPROVE PRODUCT QUALITY

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 23 Oct 84 p 2

[Article: "What the Mekong Delta Wants from the Working Class of the City, What It Wants by Way of Industrial Products from the City"]

[Text] The Workers of the City That Bears the Name of Uncle Ho Must Exemplify the Thinking and Virtues of Uncle Ho

Having read SAIGON GIAI PHONG Newspaper for many years, it is our feeling that the paper has been of use to many places, including Hau Giang. The paper has informed us of a number of matters of a general nature and matters specifically related to the city that bears the name of Uncle Ho, the development of which everyone has attentively followed.

The investigative report on "Improving the Quality of Industrial Products and Industrial Consumer Goods" printed in the 31 August 1984 issue of the paper was a very useful article on an issue of current importance. It was no doubt welcomed by many persons, persons who hope that the units of our industry, small industry and handicraft trades will further develop upon the good aspects of their product quality and correct a number of weaknesses that exist in this area.

After reading the article, I felt that something was left unsaid, something which you no doubt thought about but were unable to discuss because of the framework of the article, namely, that the persons who produce industrial goods for society must exemplify the thinking and virtues of Uncle Ho, exemplify communist ideals (this is not to say that the same cannot be done just as easily at other places). In view of the fact that our country still faces a difficult situation and must deal with the wide-ranging war of sabotage being waged by the enemy, the working class of the city that bears the name of Uncle Ho must, now more than ever before, full exemplify the ideals that he gave to us. Now, and in the future, all industrial goods, all products of small industry and the handicraft trades within the city, be they produced for domestic consumption or exportation, must be made in this spirit. This is the hope, and would be a source of great pride, that we have, that the

people of Nam Bo and the people of the entire country have. I ask that these few remarks on an article of important significance be passed on to the editorial board and wish you success in your work.

Nguyen Ha Phan  
(Chairman of the Hau Giang Provincial People's Committee)

### Give Farmers a Feeling of Trust in Products

(Excerpts from speech by the Secretary of the Cau Ngang District Party Committee, Cuu Long Province, at the Conference on the Quality of the BX.1 Plastic Insecticide Spray Tank held by the Binh Minh Plastic Works).

The strength of Cau Ngang District lies in its agricultural production. This strength has been steadily developed since the liberation of the South. Farmers have worked hard in production, bringing the total amount of area under cultivation to more than 20,000 hectares this year. As you know, many factors must exist in order for stable agricultural production, in order for high output and high yields to be achieved. Today, on behalf of the party committee and farmers of my district, I would like to say a few words about this insecticide spray tank, a piece of farm equipment which, at first glance, seems quite simple but which, upon closer examination, turns out to have many "problems." In recent years, our district, in particular, and our entire province, in general, have been "frustrated" by insecticide spray tanks. This "frustration" is not the result of any shortage of spray tanks, but the result of their quality. Each year that the upper level has had metal spray tanks available for sale, farmers have rushed to buy them and be the first to try them out. Then, when the 10th month season arrived, bringing with it the planthoppers that attack our rice, farmers casually prepared their insecticide, filled their tanks and headed into their fields, only to discover that their tanks did not work. They used them for a few days and then returned them to the district along with some sharp criticism of the product. Usually, the spray nozzle clogs, the pumping lever breaks, the cup leather peels off, seams leak, the thin pump housing quickly rusts and sometimes explodes, etc. Generally speaking, there are so many things wrong with the metal insecticide spray tanks that farmers have nothing but bad things to say about them. No one has any confidence in the domestically produced tanks. Farmers have had to turn to imported spray tanks. Although their price is very high, farmers have been willing to pay this price because their quality is guaranteed!

Last year, more than 3,000 hectares of rice in Cau Ngang District were damaged simply because of a shortage of usable spray tanks. The infestation became so bad that many superstitious farmers stuck brushwood brooms in their rice fields in the hope that they would sweep the pests away!

In view of the problems that they have had with the metal insecticide spray tank, it is the sincere hope of farmers that the producers of farm implements improve the quality of this products. Recently, the Binh Minh Plastic Works introduced a new product to Cau Ngang District, the BX.1 plastic insecticide spray tank. We took 10 of them back for our farmers to try. Before coming to

this conference, the district party committee called in the village secretaries to survey the opinions of farmers concerning this plastic spray tank. We are very excited and pleased by the objective observations and evaluations that have been reported concerning the quality of the BX.1 spray tank. Farmers like its compactness, bright color and streamlined shape like the foreign tanks. In trial sprayings, farmers found that the insecticide does not clog up and that the tank is so light you can spray an entire hectare without feeling tired! Based on these initial results, Cau Ngang District eagerly signed a contract for 2,000 of these spray tanks from the Binh Minh Plastic Works this year.

While here at this conference, I would also like to address a number of matters concerning the quality of insecticide spray tanks. It must be said at the outset that industrial producers have long been losing the confidence of farmers by presenting them with high quality sample products and then proceeding to produce products of inferior quality in mass production. I have toured the plastic tank production line at this factory and seen firsthand that it is very well synchronized. It is my hope that the factory will help to erase this impression that exists among farmers. Over the long range, our district will work closely with the factory and keep it abreast of what farmers think about its plastic spray tank, about the quality of each part, especially how well those parts with teeth resist wear and how well the plastic resists aging. To insure that these tanks are used properly and extend the life of this product, we also suggest that the factory provide instructions on the use and storage of these tanks and put replacement parts on sale.

(transcribed by Dinh Chi)

#### "We'll Pay a Little More for Quality"

Our marketing cooperative, which consists of 10 counters, sells a wide variety of industrial goods, such as soap, laundry powder, aluminum ware, glassware, pottery, ready-made clothing, bicycle parts and so forth, practically all of which are produced in Ho Chi Minh City.

Several years ago, some of the products produced by the city, such as soap, bicycle tires and tubes, aluminum ware and so forth were the targets of consumer complaints. Recently, however, we have found the quality of the goods produced by the city to be somewhat improved. Some products are liked by consumers very much. These products are always sold out, regardless of the quantity produced. They include, for example, Saigon laundry powder, Viso laundry powder, Saigon toothpaste, P/S toothpaste, a number of pieces of aluminum ware, glassware and so forth. The bicycles produced by the city's state-operated industry sell well, even at a very high price.

However, when talk turns to the city with regard to aluminum goods, one sees that many problems still exist. Many pots and pans are extremely thin, are sold without handles, are not made to the proper specifications and dimensions. Our cooperative obtains its products from many sources: some goods are sent down by the provincial and district commerce sectors and some we obtain on our own through procurement and trade contracts with Ho Chi Minh

City. To insure the quality of aluminum and plastic goods, we recently initiated contracts to buy them by the "kilogram" instead of by the unit. This has helped to curb the skimping on raw materials and supplies per unit of product. It has also given shoppers in the town of Phu Chau what they prefer. They are prepared to spend a little more for something if it is of good quality.

Our cooperative currently has in stock some 2,000 tubes of toothpaste made by the small industry and handicraft sector of the city, which are virtually impossible to sell. At the same time, our customers are constantly asking for Saigon toothpaste, even though it is much higher in price. The only problem is that we do not receive much of this brand of toothpaste to sell.

Lam Hiep Hung  
(the Phu Chau Town Marketing Cooperative,  
An Giang Province)

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ECONOMIC PLANNING, TRADE AND FINANCE

WOMEN'S UNION REPORTS PROGRESS IN REFORM OF SMALL MERCHANTS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 20 Oct 84 pp 1, 4

[Article by Le Thi Thanh, vice chairwoman of the Standing Committee of the city Women's Union: "Mobilizing Small Merchants To Participate in the Transformation of Private Commerce and the Reorganization of the Product Sectors at Markets"]

[Text] Under the action program of the women of the city to implement the resolution of the 6th Party Plenum, the city Women's Union has been focusing its efforts on encouraging the cadres and members of the Women's Union to actively participate in distribution and circulation, in market management and help to teach and guide small merchants in transformation and the restructuring of the various product sectors at markets while working closely with the functional sectors to establish a solid and strong socialist commerce network on the basic level, one that serves consumers well, especially one that effectively provides for the daily meals of workers with a view toward gradually stabilizing prices and making life less difficult for the housewife.

From 23 September to 20 October, on the occasion of the 54th anniversary of the founding of the Vietnam Women's Union, the women of the city conducted a phase of political activities that closely tied the teaching of tradition to the spirit of the resolution of the 6th Party Plenum, the purpose of which was to promote the socialist emulation movement among the various strata of women and help to successfully implement the city's 1984 socio-economic plan. More than 15,000 small merchants participated in this phase of political activity. All of the women at the various markets are proud of their tradition of struggle. The Ben Thanh Market has a history of being both the frontline and a local rear area in struggles waged in the street by the people. The Nguyen Van Troi Market is known for the struggles waged by women small merchants against U.S.-puppet suppression and control. And, the women small merchants at many other places participated in the uprising through which we took control of the city on that historic day, 30 April.

Practically every woman approached this phase of activities with the same thought: what reason is there for me, a small merchant--a member of the Women's Union--who took part in the struggles and street demonstrations years ago to win our independence and freedom and has continued to follow the party for 9 years in order to help move the city toward socialism, to not boldly

join forces with the party and take the side of the state in order to transform and reorganize the market and restore socialist order to distribution and circulation within our city?

The restructuring and reorganization of the product sectors were greeted by the small merchants at the various markets who are members of the Women's Union with awareness and enthusiasm. They engaged in serious discussion and exchange of opinions with the Women's Union, with persons now working in socialist commerce concerning the state's policy on the restructuring of the product sectors. Many of them frankly stated their concerns about their families' welfare, about what kind of work they would be doing in the months ahead; at the same time, they thought about and discussed a number of measures that can be taken in the process of transformation and construction to stabilize sources of goods and market prices and fully utilize the business skills and equipment of small merchants. They also boldly discussed the negative phenomena in society and within the management of production that have had a considerable, adverse impact upon the way that small merchants earn their living and do business and the negative phenomena in the marketing activities of small merchants that have had an adverse impact upon market prices and the living conditions of the working people.

Having achieved an increasingly clear understanding of the state's transformation policy concerning private commerce and having arrived at some rather mature thinking concerning the course of their own lives in the immediate future, many women responded to the policy on the transformation and restructuring of the product sectors in a way that reflected a certain degree of initiative and consciousness. The members of the Women's Union at the different markets fulfilled their role as activists in this effort.

To date, more than 800 small merchants within the rice sector at 80 large and small markets have been organized into retail rice sales teams, which are provided with sources of rice and price guidance by the commercial grain sector. The urban precincts, the districts on the edge of the city and the town markets in the outskirts of the city have begun to organize their small pork retailers into organizations, within a product sector and as agents, thereby using the skills of these women to support state-operated and cooperative commerce. The vegetable sector has also established teams that buy vegetables together but sell them as separate units, established retail agents for the state and established brotherhoods between the urban precincts and suburban districts, as the 1st Precinct and Cu Chi District have done, to control vegetables where they are produced and bring them into the city for retail distribution at markets in an attempt to reduce vegetable prices.

Besides the initial results that have been achieved in restructuring the sectors that provide the products essential to the two daily meals of the working people, many changes have been taking place on the city's market, especially recently, as a result of storms and flooding. Some women, before giving the matter proper thought, seized upon these difficulties as an opportunity to engage in speculation, to raise prices and realize illegitimate gains. The various levels of the Women's Union, along with the functional sectors, have intensified their educational efforts and inspections while taking positive steps to strengthen and develop the retail network of state-

operated and cooperative commerce--especially the rice, fish and vegetable agents--within neighborhoods, thereby helping to deliver goods to consumers and curb, to some extent, the negative phenomena within the retain distribution network managed by the union.

In the union's work of looking after the living conditions of women, of pressing and practical importance at this time are the need to reduce the "burden of kitchen work" by every means possible and the need to make life less difficult for each family.

The difficult overall situation that we face and the truly pressing situation on the distribution and circulation front demand that the various levels of the Women's Union do everything possible to participate in the socialist transformation of private commerce and make positive contributions to building an increasingly solid and strong socialist commerce and meeting the daily needs of the roughly 3.5 million inhabitants of the city.

More than 70 percent of the state store personnel within state-operated commerce and the marketing cooperatives are women, consequently, the Women's Union has an even greater responsibility to work with the functional sectors in managing and educating these women, in mobilizing every capability they have and in tapping their desire to serve others, thereby helping to bring about new and truly positive changes.

The more than 2,000 retail agents that are distributing rice at retail prices to consumers are considered a model of "control of distribution" by the people on the basic level. The Women's Union will try to work with the commercial grain sector on perfecting this model, using it more widely and applying it in a suitable way to the sale of vegetables, fish, meat and fuel in order to supply these products directly to consumers.

The small merchants who work at the markets have always had close ties to the Women's Union. The Women's Union cadres on the various levels must maintain close contact with these small merchants, must encourage and guide them in implementing the positions and policies of the party and state, must gradually reorganize them, utilize their skills and develop them into the "base" of socialist commerce, thereby helping to serve the daily needs of the working people.

Those women small merchants who are of work age will be counselled by the Women's Union, provided with trade training and given a job in production.

Carrying out the socialist transformation of private commerce is a correct position and policy of the party and state that conforms with both reason and sentiment and reflects responsibility for the living conditions of those women who are small merchants. These women, these patriotic small merchants who dream of socialism, feel a responsibility toward "the national economy and the welfare of the people" and stand ready to act in accordance with this resolution. They will undergo transformation in gradual, moderate stages but in the full spirit of "replacing the old with the new" and make worthy contributions to commemorating the 10th anniversary of the city's liberation.

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ECONOMIC PLANNING, TRADE AND FINANCE

ELECTRIC SERVICE IN HO CHI MINH CITY IRREGULAR, DESPITE RATIONING

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Nov 84 p 1

[Article: "The Electricity Rationing Schedule Should Be Observed"]

[Text] --The neighborhoods from alleys 410 and 414 to 430 August Revolution Road in the 20th Subward of the 3rd Precinct have been experiencing frequent "unscheduled" suspensions in electricity service in addition to those occurring under the weekly electricity rationing schedule. In August and September, these neighborhoods had electricity for only about 10 days. In October, they had electricity for only 7 days and have been without it ever since.

--According to the electricity rationing schedule, the Tan Thoi Hiep Village area of Hoc Mon District is only supposed to be without electricity for 2 days each week. However, since 7 October, this area has been without electricity from morning to night.

--The Tan Quy Street and Tan Ky Street neighborhood of Tan Binh District, in addition to the days when it is scheduled to be without electricity each week, has recently been without electricity from 0430 to 0730 hours in the morning and sometimes for the entire night.

--The areas bordering the 3rd, 10th and 11th Precincts are scheduled to be without electricity during 2 days, Sunday and Monday, and 2 nights, Wednesday and Saturday nights, each week. Recently, however, the entire area has been without electricity for many days in a row and has sometimes lost electricity many times during the same day, all of which have been unscheduled.

As residents of the above neighborhoods, we suggest that the electricity management and distribution agency carefully plan the suspension of electricity service and comply with the electricity rationing schedule. Moreover, if there are to be "unscheduled" disruptions in service, the public should be notified in advance so that the stability of daily life can be maintained.

Nguyen Thi Diem (3rd Precinct)  
Hoang Xuan (Tan Thoi Hiep)  
Tong Van De (Tan Binh)  
and Nguyen Quang Thang (10th Precinct)

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ECONOMIC PLANNING, TRADE AND FINANCE

EXPORTS PRODUCTION DISCOURAGED BY HIGH MATERIAL PRICES, TAX ABUSES

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 30 Nov 84 p 7

[Article by N.B.: "Nghia Binh Encountering Difficulties in Obtaining Raw Materials for the Production of Exported Art Products"]

[Text] Several years ago, relying upon the locality's abundant sources of raw materials, the small industry-handicraft sector of Nghia Binh Province stepped up the production of such export goods as bamboo shades, cane furniture, woven rattan and bamboo goods and so forth. One year, the sector produced 59 million dong in output, which accounted for more than 50 percent of the value of the province's exports. However, in 1984, especially during the first 6 months of the year, production has declined. What have the reasons for this decline been?

The main cause has been a shortage of raw materials!

Some persons maintain that this raw material shortage has come about as a result of competition over raw materials. Such competition does, indeed, exist, but it is not the cause of the shortage. It is a shortage of raw materials resulting from difficulties created by the sellers of raw materials that must be resolved.

How is this problem being resolved? The Association of Small Industry and Handicraft Cooperatives of Nghia Binh Province has given its attention to clearing up the difficulties that face production units. The association held discussions with the cooperatives and concerned sectors to draw up procurement plans and delineate procurement areas for the production units while assigning to the localities norms on the harvesting and sale of raw materials.

Actually, none of the localities have been observing the agreements that were reached concerning the harvesting and sale of raw materials. Van Canh District, which was designated as the area supplying raw materials to the basic units in the southern portion of the province, has assigned harvesting norms to the people but has not taken specific measures regarding the sale of raw materials, consequently, how raw materials are sold is determined by the persons who harvested them. They demand that buyers trade cement, rice and other important products for their raw materials. Such a demand poses a major difficulty to buyers. Where are they to obtain products which they do not

produce? On the other hand, buyers demand that they be provided with large amounts of cash but the State Bank only disperses a limited amount of cash. Son Tra has been designated as the area in which the province's northern districts buy their raw materials. Son Tra District has assigned harvesting norms to civilians and put the Commerce Corporation in charge of buying raw materials from the people of the area for sale to production installation. As a result, these two units have tended to compete over places at which raw materials can be procured profitably and have created a situation that is not good. When they buy raw materials, they buy all that they can; when selling raw materials, they impose more than a few terms upon buyers, as a result of which prices have risen irregularly and the general regulations of the state are not being observed. Consequently, production units that have much capital and are skilled in finding what they need to meet the terms imposed by sellers are able to buy raw materials; conversely, production units that do not have the necessary capital can do nothing. In the final analysis, however, all producers will buy raw materials, regardless of the terms, as long as they can earn a profit and stop buying these materials as soon as it is no longer profitable for them to do so. The difficulties in procuring and selling raw materials, soaring prices and the inability to produce at a profit have led to reductions, at times serious reductions, in the production plans of units. During the first 6 months of this year, the province's exported art products sector only met 30 percent of its production target. By the end of the 3rd quarter, no significant change in the situation had occurred.

There is one other cause of the shortage of raw materials being experienced by producers, namely, the arbitrary taxing of raw materials by the finance sector. On more than a few occasions, buyers have had to pay taxes on the same raw materials many different times during shipment. Of course, the tax stations have all sorts of reasons to explain their actions but their arguments are specious and contrary to policy.

What have the responsible sectors in Nghia Binh done in the face of this frustrating situation surrounding the procurement of raw materials?

Although the Nghia Binh Province Association of Small Industry and Handicraft Cooperatives has given its attention to resolving this situation, the steps that it has taken have not been timely and it has not made an impact upon the various sectors that is strong enough to bring about a positive change. As a result, the convenient method of operation of certain components has not been stopped. The industrial bureaus on the district level, although upset over the way raw materials are being bought and sold, are not strong enough to change the situation. Public opinion holds that only when the provincial party committee and provincial people's committee express true concern by issuing directives and decisions on the harvesting and sale of raw materials and taking positive steps to insure their implementation is it possible to bring about a change for the better. This is a correct view and such action is extremely necessary. There cannot be a lack of directives, decisions and measures on the part of the provincial party committee and people's committee regarding this matter!

In addition, the functional sectors related to the harvesting, procurement and sale of raw materials should hold discussions for the purpose of unifying

their regulations regarding this matter. At places where raw materials grow, policies should be adopted that provide incentive for persons harvesting these raw materials and provide for raw materials to be procured at one place. The agency undertaking the procurement and sale of raw materials can be the forestry agency or the commerce agency. Buyers should also be represented by a single organization. Procurements should be arranged by the districts and cities so that raw materials can be distributed to each production unit and the problem of those with the most money buying up all the raw materials can be avoided. To encourage both sellers and buyers, specific raw material prices should be set for each area. As regards the finance sector, it is necessary to adopt uniform regulations on taxing procedure and tax rates and necessary to closely inspect the tax stations at the entrance to forests and along main roads with a view toward stopping the abuses of authority that are strangling buyers.

Properly taking the steps that must be taken regarding the harvesting, procurement and sale of raw materials and observing the regulations of the locality, these are surely the best ways to resolve the shortage of raw materials for producers and help to promote the development of Nghia Binh's production of exported art products.

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CSO: 4209/207

ECONOMIC PLANNING, TRADE AND FINANCE

PRODUCT QUALITY IN HO CHI MINH CITY CALLED DANGEROUSLY LOW

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 21 Dec 84 p 5

[Article by An Phuong Nam: "Product Quality in Ho Chi Minh City"]

[Text] In recent years, the small industry and handicraft sector of Ho Chi Minh City has made many efforts to overcome its difficulties with supplies, energy, prices and so forth in order to produce a large quantity and wide variety of consumer and export goods, goods for use in production and to provide jobs to tens of thousands of persons. Many products have been awarded medals of various types at fairs and exhibits of economic-technical achievements at home and exhibits overseas.

Generally speaking, however, product quality is still a serious problem, still a matter of survival to small industry and handicraft production within many product sectors. The quality of many products is now sending out a signal warning us of the danger of foreign markets being lost and consumer confidence eroding.

"Productivity-quality-efficiency" is the slogan inspiring all leadership cadres, management cadres and producers within the city's small industry and handicraft sector.

There Are Many Products of High Quality

It must be recognized that the city has tremendous production capacity from the standpoint of its machinery and equipment, its corps of scientific and technical cadres and its skilled craftsmen and the production processes of a rather advanced industrial system. These are advantages in developing production and producing products of high quality.

Standards-weights and measures-product quality management agencies and consumers (through actual tests) have confirmed that many of the products of small industry and the handicraft trades are of high quality, such as cloth products, centrifugal force milling machines, 16 pestle pill presses, light and medium truck tires, wind powered water pumps, and headsets of the 3rd Precinct, the movie projectors of the 5th Precinct, the knives, scissors and sheaths of the Ly Thuong Kiet Cooperative and the Nguyen Dinh Shop, the desk lamps of the Quyet Tien Cooperative, the pressure cookers of the Tien Tien

production team, the seven blade plow rig of the Dong Tam Cooperative, the bicycle cog wheels of Saigon Machine Cooperative Number 11 and the Goi Nam standing fans of the Dong Loi production team.

Many technical cadres and producers maintain that the city's small industry and handicraft sector can produce products equal in quality to the products of foreign countries.

#### But Poor Quality Goods Are Also...Quite Numerous

While many of the products described above have developed solid positions on the market, the number of products whose quality disturbs consumers is also increasing.

The bicycle and bicycle spare part production sector, which is considered to be the "hot spot" on the Ho Chi Minh City market, is also the sector that has the worst reputation. The city currently has about 50 shops producing bicycle frames. An inspection has revealed that 28 percent of these shops produce high quality products, 28 percent produce products of poor quality and 44 percent produce products of very poor quality. Because they weld the frames together over sheet metal drums, not jigs, the frames that they make are usually bent and the shape of frames is not geometric, thus causing frames to snap and crack, weld seams to break and so forth.

As regards spare parts, in the 2 months of July and August alone, the motorcycle-bicycle combine returned to manufacturing shops 1,922 handlebars (49 percent) because their plating was poorly applied, the surfaces of the handlebars were pitted, stained yellow and so forth and returned plated wheel rims (26.3 percent) because they did not meet requirements. The bicycle tires and tubes produced at many places are also of poor quality. During the first 6 months of the year, one-third of the fully assembled bicycles manufactured for exportation and the domestic market had to be repaired.

The textile sector is one of the city's strengths; recently, however, the quality of cloth has not been good: the density of lengthwise threads has not been maintained, cloth lacks sufficient width and cloth that shrinks when it is washed shrinks too much.

During the first 6 months of this year, only about 40 to 50 percent of the cloth produced was grade A.

Recently, on the free market, there has been a proliferation of soap products (fragrant and laundry soap) and toothpaste of poor quality produced by many different black market shops that evade taxes, evade business licensing procedures and do not register the quality of their product, their label or their address. Even more serious are the fake wine and poor quality fish sauce and soy sauce to be found among the products of the grain and food processing sector.

The "SOS" is also being sounded for exported handicraft art products. Because of the obvious decline in their quality, the cancellation of contracts is a danger that faces many products.

In 1983, about 10 percent of bamboo shades had to be remade. During the first 6 months of this year, this figure rose to 30 percent (45,000 square meters) because of peeling lacquer, spots where lacquer was not applied, weak, diluted lacquer, crushed pieces of bamboo, the ends of bamboo not being sawed off straight, shades being mildewed or worm-eaten and so forth. The percentage of rush mats being remade has also been increasing each year. During the first 6 months of this year, more than 300 tons of products had to be remade (20 percent) because raw materials did not meet requirements, mats were loosely woven, dyes were not bright and crisp and mats were not made to correct specifications and dimensions. Ten percent of rattan and bamboo products must be remade. Twenty percent of woven rattan goods must be remade. Ten percent of embroidered goods must be remade. Twenty percent of lacquer paintings must be redone. Recently, the wood on which lacquer paintings have been made has been warped and not squarely cut, paintings have been given a thin coat of lacquer and are unevenly polished, drawing and carving lines are uneven and paintings even portray the wrong subjects.

#### The Main Causes

Many factors affect (both directly and indirectly) product quality. Here, we will only discuss the three main factors that have an almost decisive impact upon product quality.

##### 1. Prices: the prices of supplies, the prices paid for subcontract work and procurement prices have a direct impact upon product quality.

For a long time, the prices paid for contract work for the textile, garment, embroidery, bamboo blind, rush mat, rattan and bamboo goods and other sectors were so low that a very large disparity developed between the incomes of the workers in these sectors and the incomes of the workers in a number of other sectors and trades. At the Sao Mai Cooperative in Tan Binh, after the price paid for the contract production of shirt cloth was raised from 1.54 dong to 3 dong per meter, the production of grade A cloth rose from 24 to 90 percent of output. At the Van Hanh Textile Cooperative and the Thanh Tin team in Hoc Mon District, which produce sarong goods under contract for the Thang Loi Textile Mill, the production of grade A goods was raised to 75 percent of output following an adjustment to the contract price being paid.

There is still much that is unreasonable about the way that prices are approved. Practically all shops must find materials on the outside in order to stabilize their production, thereby causing the prices of materials on the market to rise very quickly. Meanwhile, the process of approving new prices is generally a slow process. By the time a new price is approved, market prices have risen dramatically. The people of Saigon say: "There's a price for every pocketbook." Some ballpoint pen producers make pens that sell for 6 to 7 dong apiece but also pens that sell for 60 to 70 dong apiece. Consumers often mistakenly think that they are holding a pen made overseas.

##### 2. Supplies and raw materials:

It is impossible to produce good products if attention is not given to using materials of the right type, specifications and quality. In production, a

slight change in the specifications, dimensions or shape of materials can upset the balance along a production line, cause changes in the product and cause production costs to rise. This is not to mention what happens when materials are in short supply, are not well matched and are not supplied on time.

3. Equipment and machinery: much machinery is in poor condition and in need of repair. Some products, especially precision machine products, require machinery and equipment that is precise and well matched. Measuring devices are inaccurate and in very short supply within the various sectors.

Besides this, there are still many loopholes in the issuance of trade licenses. Shops that lack some of what they need for production are still issued licenses. The signing and approval of contracts are still very "complicated." Practically all of the contracts signed are "non-specific." These are loopholes that give rise to such negative phenomena as pilfering, trading materials, conspiracy, bribery and so forth, as a result of which many well equipped shops with skilled workers sit idle while some poorly run shops that lack the necessary production conditions land very large contracts and serve as "overseers" exploiting others. How can this "who you know" style of production produce high quality products?

Ho Chi Minh City has made numerous efforts to gradually improve its product quality, beginning with such export and consumer goods as handicraft art products, textiles, paper, pottery, glassware, ready-made clothing, household utensils, grain and food products, rubber and plastic goods, metal goods and so forth. With the concern, support and assistance of many related sectors and levels, the small industry and handicraft sector of Ho Chi Minh City will surely be fully capable of producing high quality products for both exportation and domestic consumption.

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CSO: 4209/207

## AGRICULTURE

### BUILDING MORE HIGH-PRODUCTION RICE CULTIVATION ZONES

Hanoi NHAN DAN in Vietnamese 21 Dec 84 pp 2, 4

[Article by Trong An of the Ministry of Agriculture: "Grain Production -- The Front of Topmost Importance -- Building High-Production Rice-Growing Zones"]

[Text] The great victory in our country's grain production in recent years, especially in rice production, is an event of important significance in agricultural production. This victory is closely related to a new happening in agricultural production leadership -- the fact that many localities have attached importance to carrying out the policy about building high-production rice-growing zones. This is a leadership formula suitable for the fact that the ability to supply technical materials for use in production is still limited and that the material and technical base for rice production remains weak. Building high-production rice-growing zones is selecting the sites, the zones for concentrated and quick exploitation of the potentialities of land, labor and climate in order to obtain immediate and great economic results and larger volume of paddy as a commodity.

#### Gradual Extension of Areas

The resolution of the 5th Party Congress clearly stated: "About rice, along with opening new land to extend the cultivated areas, the main direction to take is to step up intensive cultivation, to grow additional crops, to raise crop yield and to create high-production rice-growing zones to produce large volumes of commodities."

As early as in 1977, carrying out the resolutions of the 4th Party Congress and 2nd Plenum of the CPV Central Committee (4th term), the Ministry of Agriculture directed the building of a high-production rice-growing zone to produce 9-10 tons of paddy per hectare per year in an area of 250,000 hectares in 5 Mekong River delta provinces -- Tien Giang, Hau Giang, An Giang, Dong Thap and Cuu Long. Then in 1979, it developed the intensive-cultivation

high-yielding rice-growing zone in six key rice cultivation districts of the Red River delta -- Hai Hau, Nam Ninh, Dong Hung, Hung Ha, Cam Binh and Gia Loc (former name).

In the last 8 years or so, starting with those two key rice-growing zones in our country, the movement to build high-production rice-growing zones has spread all over the country. Provinces, districts and villages had their own such zones; cooperatives and production collectives had high-production rice-fields or model ricefields. For many provinces and districts to build high-production rice-growing zones became an economic and technical program aimed at renewing their organizing efforts to achieve fulfillment of their plan by adopting a concentrated and clear-cut leadership formula wherever conditions were favorable to bring about great, quick and sure results. For provinces and districts the high-production rice-growing zones were the main-force rice cultivation zones that helped them to quickly boost rice production and to ensure getting all of the obligation grain at an increasing rate for the state.

Nationally speaking, the high-production rice-growing zones accounted for 8 percent of the total rice cultivation area in 1981, 13 percent in 1982 and 32 percent in 1983. The crop yield in these zones increased by 8-25 quintals per hectare compared to that obtained in the regular production zones.

In the Mekong River delta, where the movement to build high-production rice-growing zones had been the earliest and strongest one, there were more than 400,000 hectares of high-production ricefields in 1982, with the area accounting for one-fifth of the total rice cultivation area in the region and the volume of rice production being equal to as much as nearly one-half of the total paddy production, and a contribution of 1 million tons of obligation paddy. Through the movement to grow rice in high-production ricefields and to quickly bring technical progress into production, Cai Lay District (Tien Giang Province) obtained an average rice crop yield of 10.22 tons per hectare per year and a per capita average production of 940 kilograms of paddy, the highest level in the entire region, and contributed 75,000 tons of obligation paddy, thus leading all district units throughout the country in terms of mobilizing grain for the state. In Cai Lay, 1 dong of capital invested in the high-production rice-growing zone brought about 6 times more results compared to investment in the regular-production zone; 1 kilogram of nitrate fertilizer offered 3 times as much usefulness; and labor productivity in agriculture also increased by 2.5-3.5 times.

In the northern highland provinces, where rice production had encountered difficulties, the degree of intensive cultivation had been low and high crop yield had been rather impossible to obtain, the fact that efforts were concentrated on building high-yielding rice-growing zones helped to gradually raise

the degree of intensive cultivation and to catch up with the delta cooperatives. The cooperatives there were learning the experience of other localities and the experience in high-production rice-growing from other cooperatives in the region in order to popularize them in their own main-crop production. Hoang Lien Son Province for the first time achieved the goal of obtaining 5 tons of paddy per hectare per year, 18 years after Thai Binh Province had attained such a goal. Many other highland provinces like Son La, Lai Chau and Ha Tuyen also strived to move toward satisfying by themselves their grain need.

The movement to build high-production rice-growing zones reflected the sense of responsibility and high determination on the part of the party committee echelons, administration, mass organizations and working people in trying to develop a common strength for exploiting the intensive-cultivation potential in each and every locality and production installation.

Agriculture and the related sectors were actively implementing the policy of investing in high-production rice-growing zones as a key activity and signing two-way contracts with farmers, who were made to feel reassured and encouraged to do productive work and to produce a large volume of commodity-paddy.

Nearly 5 million youths in the countryside volunteered to work high-production ricefields and have really become outstanding young producers. More than 700,000 youths present in tens of thousands of units specialized in seed production, plant protection, agricultural irrigation, water conservancy and fertilizers were laborers who had good technical knowledge and managerial capabilities and were responsible for bringing technical progress into production. There were nearly 3,000 young scientific and technical units of cooperatives, with more than 20,000 youths enthusiastically working in the fields in scientific and technical activities and constantly seeking every way to reach new rice crop-yield peaks.

So far 412 district trade unions, through the movement of workers and civil servants to serve agriculture, succeeded in developing the spirit of labor creativity; rallying all sectors and working units in a district, on high-production ricefields and on worker-farmer model ricefields; and extending the efforts to bring technical progress into production, through responsibilities-assuming contracts signed between the technical and scientific organs in charge of leadership over technology and technical services and production installations.

#### Rice Crop-Yield Peaks

An obvious change in the last few years in the movement to practice intensive cultivation in rice-growing was the high degree of leadership given by all

echelons and sectors to building high-production rice-growing zones, building economic and technical models of high persuading power and gradually maintaining uniform rice crop yields in a region, province and district and among production installations. In addition to perfecting the managerial mechanism, the movement to build high-production rice-growing zones was encouraging all localities to concentrate on building the material and technical bases, to create more and more conditions of abundance for intensive cultivation and to keep moving forward and attaining new crop yield peaks, thus satisfying the ever increasing need for larger grain production. High crop yields became common and spread more and more quickly. In 1966 only Thai Binh Province obtained 5 tons of paddy per hectare per year. But in 1983, as many as 20 provinces and municipalities attained and surpassed that 5-ton goal, including 7 provinces obtaining 6 tons of paddy or more. Tien Giang Province obtained the record yield of 7.3 tons of paddy per hectare. The golden intensive-cultivation book of the Ministry of Agriculture recorded that 20 districts and cities obtained a crop yield of 7-12 tons of paddy per hectare and 355 cooperatives and production collectives 7-21 tons of paddy per hectare in the entire year of 1983, including 16 districts and cities and 336 cooperatives and production collectives obtaining more than 8 tons of paddy. Dai Loc District (Quang Nam-Da Nang Province) obtained the record yield of 12.5 tons and Dai Phuoc Cooperative (Dai Loc District, Quang Nam-Da Nang) 21.6 tons of paddy per hectare from all 3 rice crops in the year. Production collective No 4 (Vinh Thanh and Giong Rieng, Kien Giang Province) obtained the record yield of 16.5 tons per hectare from 2 rice crops in the year. The number of cooperatives and production collectives being outstanding in practicing intensive cultivation and obtaining high crop yields was increasing everyday in all regions, including the regions where production had encountered many difficulties like the northern highlands and Central Highlands. So far more than 500 cooperatives and production collectives have joined the "8-10 tons of paddy per hectare" club. The record rice crop yields in the 1983-1984 winter-spring season were as follows: Dan Phuong District (outskirts of Hanoi) 5.04 tons; production collective 1/1 (Tan Dinh, Vinh Cuu, Dong Nai) 9.2 tons; Hoa Tien Cooperative (Krong Pac, Dac Lac) 8.6 tons.

#### Further Raising Crop Yields

As we review the nationwide records and look back at the past several years, we estimate as follows the factors that contribute to obtaining rice crop yields where water conservancy conditions are relatively favorable: fertilizers 40 percent, seeds 25 percent, agricultural irrigation 15 percent and other crop growing measures (density, soil preparation, care, prevention and control of harmful insects) 20 percent.

Since water conservancy is the topmost measure, we must quickly increase the quality of water conservancy works and improve the measures to be taken to carry out construction in order to effectively cope with natural calamities.

The higher the degree of intensive cultivation becomes, the greater the volume of fertilizer must be expended in order to produce a ton of paddy. Fertilizers presently are a weak link in rice production. Although there is a shortage of organic fertilizer, the latter is not fully used; a part of the reason is that farmers lack building materials for the construction of pigsties and manure processing facilities, particularly the materials that cooperatives do not manage like cement and lumber. Fertilizers have become a technical strategy of high-production rice-growing zones. The fact that a shortage of phosphate fertilizer used to maintain a balance with respect to nitrate fertilizer has created tension in many areas deserves the attention of the state in order to resolve it. Applying nitrate fertilizer in large quantities is a necessity, but if there is not enough phosphate fertilizer to use along with it, not only is the effectiveness of nitrate fertilizer greatly decreased but in some cases it also reduces the rice crop yield. Applying both phosphate and nitrate fertilizers in balanced quantities also helps to reduce the loss of nitrogen per ton of paddy produced and brings about greater economic results in the practice of intensive cultivation in rice growing.

Seeds are a technical measure, but at the same time they are a complex biotechnical material; we cannot therefore think about making seeds in a simple and inexpensive manner. What deserves our attention now is the fact that many localities have begun to pay attention to looking for new rice varieties but have failed to pay proper attention to the quality of seeds. The realities have proved that without careful selection and upgrading of seed quality a new rice variety within a short time will degenerate and gradually lose its qualities. The fact that rice seeds are still poor partially is because cooperatives and production collectives lack materials like cement, limestone, lumber and iron and steel and cannot build drying yards and storehouses, which are the minimal means needed for drying and storing seed paddy to comply with technical requirements.

The higher the degree of intensive cultivation becomes, the greater the need for prevention and control of harmful insects and the expenses involved will be. In addition to actively applying the generalized preventive measures, investing money in importing enough insecticide is also an urgent need in agricultural production. The production realities have proved that the damages caused by harmful insects will be many times greater than the costs of insecticide if it is supplied in time and in sufficient quantities. On the other hand, it is necessary to provide in advance the technical materials needed in order to allow farmers to be in a position to take initiative as they carry on the technical program in intensive cultivation for high-production rice-growing.

A change in quality that led to great victories on the agricultural production front in recent years, first of all in rice production, was the policy of signing product contracts with labor groups and laborers. But no matter how great

its effectiveness may be, this mechanism of signing product contracts with labor groups and laborers is only an important moving force that encourages laborers to properly fulfill the share of responsibility assigned to them and creates favorable conditions for cooperatives and production collectives to exploit the labor, land, capital and technical materials potentialities in order to develop production. This mechanism cannot replace the material and technical bases, technical measures and other economic policies.

Although in recent years the material and technical base of rice production was greatly strengthened, it has remained small and has not become strong enough to serve as a material force to create the socialist large-scale production and to achieve a productivity both high and stable. On the other hand, since this material and technical base is far from uniform, it still fails to fully develop the combined strength of all production factors, or all of the parts in the same system of technical intensive-cultivation measures.

To continue to raise the results of the high-production intensive-cultivation movement primarily means to take positive measures to overcome difficulties and loss of balance, to pay attention to in-depth investment in order to quickly boost rice production and "to strive to reach the goal of having the high-production rice-growing zones by 1985 account for one-third of the total rice-growing area and supply one-half of the annual volume of paddy production. To launch a movement to build districts, villages and cooperatives that obtain high crop yields (8-10 tons or more per hectare per year)." \*

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\* Excerpt from the resolution of the 3rd Plenum of the CPV Central Committee (5th term).

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CSO: 4209/168

AGRICULTURE

NEW AGRICULTURAL COOPERATIVE OPENS IN HO CHI MINH CITY

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 25 Nov 84 pp 1,4

[Article by T.L.: "First Agricultural Cooperative Established in Key Rice Growing Area of Binh Chanh District"]

[Text] (SGGP) To satisfy the aspirations of collective members, the Binh Chanh District Party Committee and People's Committee agreed to allow An Phu Tay Village to upgrade six of the village's 10 production collectives and establish the An Phu Agricultural Cooperative. This is the second agricultural cooperative of the district and the first in the key rice growing area of Binh Chanh District. On 23 November 1984, the An Phu Cooperative held a congress of cooperative members to adopt the cooperative's production guidelines, adopt the product contract plan and elect the cooperative management board. The congress adopted production guidelines which call for the cooperative to specialize in the cultivation of rice in coordination with raising hogs, developing paper production and developing the milling and housing construction services. As regards rice, the cooperative will gradually put all of its farmland under the cultivation of one to two crops per year and seek an average yield of 8 tons per hectare per year.

The cooperative will develop its household livestock production by supplying feed and young livestock to cooperative members to raise under contracts for the cooperative.

The cooperative will develop its paper production, a long standing trade of the locality, both within the collective and among cooperative member families. The cooperative will produce paper pulp for supply to cooperative members, who, in turn, will roll paper for the cooperative. It will build a rice mill and establish a housing construction and repair unit to serve the cooperative members and people of the village. In all of its sectors, from crop production to livestock production, the cooperative will use product contracts with individual laborers and groups of laborers.

During this year's dry season, the cooperative will concentrate on completing the farmland water conservancy network within the cooperative boundaries. According to its plan, the cooperative will repair and elevate three embankments measuring 3.5 kilometers that impede the flow of salt water, dredge or dig 12 kilometers of canals and ditches within fields and build 49

sluices within the dike and canal-ditch system to support intensive cultivation and multicropping.

At present, the An Phu Cooperative has 296 members and is managing 143 hectares of farmland.

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TRANSPORTATION AND COMMUNICATIONS

IMPROVEMENTS REPORTED IN TRUCK TRANSPORTATION ORGANIZATION

Hanoi NHAN DAN in Vietnamese 18 Dec 84 p 2

[Article by Khanh Quang: "The Truck Transportation Department Redeploys Forces"]

[Text] Up to 1982, the Ministry of Communications and Transportation managed two organizations of the centrally run truck transportation forces. The Truck Transportation Department's main duty was to carry goods inside the country while the Cross-border Transportation Agency-General Corporation's function was to act as an agency and, at the same time, directly to transport goods for two friendly countries--Laos and Kampuchea. The Truck Transportation Department was merely a high-level administrative organ which managed 14 production units with independent profit-and-loss accounting (including 11 transport enterprises, 2 repair factories and 1 automobile tire retreading factory) and which simultaneously acted as a staff to assist the Ministry in managing the technique and special operation of the transportation sector. As a basic economic unit, the Transportation Agency-General Corporation functioned as a combine and possessed six transport enterprises, five transport agency-branch offices which were units with internal profit-and-loss accounting, and one automobile repair factory with independent profit-and-loss accounting in the sense that it assumed the decentralized productive industrial activities of the General Corporation.

Viewed from the angle of work division (domestic transportation, agency activities and transportation abroad), the above-mentioned method of organizing two forces appeared to be suitable; however, it showed a number of shortcomings such as dispersal, existence of many centers and dissimilarities in managerial organization. The activities of both forces intermixed in a large sphere, within each zone or along some transportation lines. On the Haiphong-Hanoi-Tay Bac line, two enterprises of the Truck Transportation Department and one of the Transportation Agency-General Corporation operated their own trucks independently of each other so that whenever a merchandise owner wanted to sign a contract for transportation on this same line, he had to deal with several trucking enterprises. Because of such dispersal of forces, an unstable situation would arise whenever concentration was required. Cross-border transport enterprises usually took advantage of the dry season to launch

a field operation and transportation campaign along some key lines. As for the domestic transportation force, it had to call back its trucks from afar to the rescue of those on some line whenever its transportation plan on this line "petered out." Anyhow, the merchandise would ultimately reach its destination but the transport cost would soar and many transport units could not "live in peace to carry on their business."

Ever since early 1983, the centrally run truck transportation forces have proceeded to reorganize their productive activities and to revamp their managerial task. The Cross-border Transportation Agency-General Corporation has been incorporated in the Truck Transportation Department and both merged into a single center. The Transportation Department has been carrying out activities just like a combine, performing comprehensive profit-and-loss accounting and directly guiding the productive business activities of more than 10 directly subordinate units. Concerning its activities as an agency in charge of cross-border transportation and regarding the services related to its many corporations, the department has directly assumed their management and signed economic contracts. In the transportation field, beside the heavy transport enterprise (for special use), there are six corporations considered as units with independent planning and profit-and-loss accounting and organized according to territorial delimitation. Each such corporation usually has three enterprises as components which perform their own internal profit-and-loss accounting, which are in charge of some specific transportation lines (at home or in friendly countries) and which will help one another in case of need under the corporation's direction. The corporation's apparatus directly leads these member enterprises which have formed directly subordinate truck convoys.

**/Initial effect/ [in boldface]**

Ever since acting as a combined enterprise, the Truck Transportation Department has assigned tasks, redeployed and directed its forces more rationally, thus enabling each corporation to assume merchandise transportation within the assigned zone. At present, the practice of moving trucks to faraway places such as from Hanoi to Route 9 to Binh Tri Thien to carry goods there or from Vinh to Cao Bang to reinforce the transportation line in that region has been discontinued. Following the stabilization of transportation lines and zones, the enterprises have taken greater initiative in exploiting transportation capacities and have had the necessary conditions to well organize their material rear-service facilities. On the Tay Bac line, Truck Transportation Corporation No 3 has unified the relay stations of its member enterprises, built parking lots and set up boarding and lodging facilities for drivers at each road section. The rate of two-way transportation of goods has become higher than in the past. The rear service installations of the centrally run truck transportation forces (including houses, garages and equipment) were formerly patchy and insufficient and represented only 12.6 percent of the total value of fixed assets; they were also scattered and uneven among various enterprises. To remedy this situation, Truck

Transportation Corporation No 2 has entrusted the repairing and overhauling of the entire corporation's trucks to the better equipped workshops of the member enterprises while the workshops of other enterprises have concentrated only on providing maintenance service. In the past, the maintenance stations of each enterprise could not prove effective because the convoys were frequently away on long-distance trips; these stations are now working effectively because the trucks have been gathered together by the corporation. After working for nearly 2 years, Truck Transportation Corporation No 6 stationed in Quang Nam-Da Nang has effected a drastic change in the construction of material rear-service bases. Formerly considered as temporary shelters and consisting mostly of thatched huts, the houses of the convoy personnel are now 100 percent covered by tiled roofs. New gasoline stores have been built, repair shops expanded and additional equipment provided so that it is no longer necessary to have trucks repaired at the outsiders' shops.

The tendency to focus on the use of equipment and means and on the volume of transportation while neglecting technical management is being corrected. All corporations and enterprises have paid attention to taking care of the drivers' living conditions and to a better maintenance of trucks.

/The economic-technical norms fulfilled are higher than in the past but are still unsatisfactory/

A new development has taken place after those small and scattered enterprises which were formerly organized as "wartime convoys" have been reformed into centralized and stable transport units to do their job within each specified zone. Compared with 1982, the 1983 plan achieved an increase of 13 percent in tonnage and 11.5 percent in tons/km. The transportation activities in the first 11 months of 1984 have fulfilled the whole yearly plan norm. The yardstick by which to evaluate the effectiveness of truck transportation is constituted by economic-technical norms. Out of nine principal norms, six have been better fulfilled than in the past, one has been almost fulfilled while the remaining two have been underfulfilled. The monthly number of days when trucks are in good condition has increased by two and that of trucks' operational days has increased by three or four. The rate of good use of each trip has gone up from 65 to over 66 percent. The monthly output of each truck tonnage and each tractor-trailer tonnage has exceeded that in 1982. From 96.35 kgs, the gasoline consumption norm for every 1,000 tons/km has been lowered to 92.85 kgs. Meanwhile, some belatedly founded enterprises with inadequate material rear-service facilities have increased the number of serviceable trucks' days thanks to the assistance provided by the corporations. Some corporations have achieved a high productivity. For many years, the average monthly output of each vehicle tonnage of the centrally run truck transportation forces was only between 700 and 900 tons/km so that drivers used to say jokingly that it would be impossible to exceed "three digits." This year Corporation No 6 has reached the 1,000 tons/km mark.

However, the centrally run truck transportation forces' activities are still affected by many shortcomings that require attentive examination and solution. Though higher than previously, some economic-technical norms do not yet correspond to the existing capacities of each corporation and enterprise. The monthly output of more than 900 tons/km achieved by each vehicle tonnage is still very low. At present, the waiting and cargo handling time still represents 50 to 60 percent of the total transportation cycle (rotation of means)--that is, out of 8 working hours daily, trucks run on the roads only for 3 to 4 hours. Trailer hauling would be an effective measure to increase output and save gasoline and oil but has not yet been frequently applied. Less than one-third of the total number of over 1,000 trailers belonging to the entire department has been used. The reluctance to use trailers has many reasons: Tires are lacking, the use of large trailers would prove incompatible with the present road conditions and we must mention also the fact that some drivers do not like to haul trailers because this working method would hamper their attempt to "do something on the sly." Clearly, the trailer hauling rate has declined dramatically: In the past (1964), it was 34 percent (each tractor-trailer tonnage output was 2,593 tons/km); it fell to 6.28 percent in 1980, 5.20 percent in 1983 and only about 3.9 percent this year (when the tractor-trailer tonnage output is only 952 tons/km). In the meantime, however, Corporation No 5 whose working conditions are only slightly better than those of other units has managed to achieve a trailer hauling rate which is double the average one obtained throughout the transportation sector.

/Attempt of the repair industry sector to extricate itself from difficulties/

Within the centrally run truck transportation enterprises' combine, there are four large automobile repair factories with a total output of over 1,000 vehicles a year. Each of these factories is responsible for repairing vehicles for one or two transportation corporations. In the recent past, the total number of vehicles repaired by all these four factories could have been handled with the equipment capacity of just one of them.

The above-mentioned situation has been going on not just for 1 or 2 years but has existed since many years. It has existed not only in the factories of the Truck Transportation Department but also in many automobile repair factories falling under the management of the special communications and transportation machinery sector. What is the reason for this phenomenon? For the factories, the amount of spare parts and materials supplied has been insufficient to meet the repair demand--only less than 60 percent of it--and they have been supplied neither in due time nor in homogeneous sets. Moreover, repair installations have not yet made really positive efforts to expand their alliance in looking for other sources of spare parts and materials; nor have they tried to modify their repair methods and adapt them to new automobile marks. On the other hand, there still remains a number of trucks which have been immobilized only for lack of tires and gasoline so people think there is no urgent need to bring the worn-out ones into factories for repairs, which would be costly and time consuming plus a poor repair quality.

The Ministry of Communications and Transportation has authorized the use of the regular repair budget and of the depreciated value of those trucks for which the capital depreciation term has expired to pay for major repairs but this measure still proves inadequate. At present, the Truck Transportation Department is leading the factories to shift to repairing new-brand trucks and to share with one another the manufacture of spare parts and the building of trailers from written-off vehicles in order to quickly meet transportation requirements. At the same time, the department has assigned planned repair quotas and compelled transportation corporations desiring to bring their trucks into factories for major repairs to sign economic contracts. These measures are necessary to take the repair industry sector out of the difficult situation in which it has been plunged continuously for so many years.

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